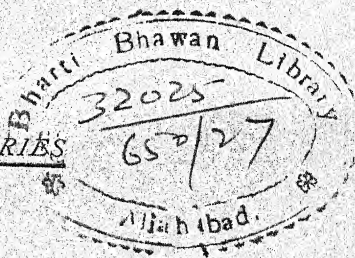


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PITMAN'S COMMERCIAL SERIES



Manual of Business Training

INDIAN EDITION

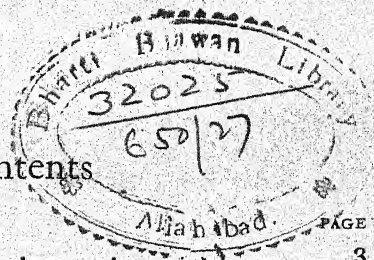
A COMPLETE GUIDE
TO OFFICE ROUTINE AND MODERN
METHODS OF BUSINESS

LONDON

SIR ISAAC PITMAN & SONS, LTD., 1 AMEN CORNER, E.C.
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INTRODUCTION

THE object of this Manual is to provide students with a simple guide to the most approved methods of everyday business, to show the connecting links between the various departments of a large business concern, and thus to act as an incentive to the further and deeper study of business principles and practice. It is believed that the information here set forth will be found interesting in itself, apart from its practical utility, and it is hoped that it may, at least to some extent, assist in enlarging the mind and broadening the view of the reader who takes up the study of the following pages.

It may not be out of place to remind the reader that the field of business will never be wholly occupied; that it will always offer rich rewards to the right kind of ability; and that it demands to-day the best brain power of the world. It has been stated, with some truth, that more ability is needed by the General Manager of a great railway than by the Prime Minister of a great nation; and the same is true of other great commercial concerns. No other field of action offers larger inducements or greater responsibilities; and no other field draws more largely upon the ranks of able and ambitious young men. The greatest successes in the world of business have been won by men who began business life in the humblest capacities, but by the exercise of courage, integrity, industry, and perseverance raised themselves to positions which they probably never, in their early days, dreamed they would occupy.

It may be added that there are two ends to the ladder of success in business; that there is, and ever will be, room at the top for men and women of the best type, able, adaptable, willing, and, above all, earnest in their desire to achieve distinction in the calling to which they have devoted themselves.



Pitman's Manual of Business Training

CHAPTER I

CONDITIONS OF COMMERCE

Commerce means the interchange of commodities on a large scale between nations or individuals. When, however, business men refer to this interchange they usually call it **Trade**, and the two words may be taken as having the same meaning. Commerce or Trade is divided into three branches, as follows :—

(1) **Home Trade**, or **Inland Trade**, which is carried on between persons living in the same country ;

(2) **Foreign Trade**, which consists of the business carried on between persons of different countries ; and

(3) **The Carrying Trade**, which means the business of transporting goods by sea.

The difference between the value of the exports from and the imports to a country is known as the **Balance of Trade**.

Agriculture has always been the leading occupation in India, and even now two-thirds of the people are directly dependent upon the soil.

The principal imports of India by sea are mainly from the United Kingdom. The most important item is cotton goods, but sugar, railway material, machinery, iron, steel, hardware, woollen goods, etc., are also imported. The principal import by land is grain.

The exports by sea include raw cotton and cotton in various stages of manufacture, raw jute and jute goods, hides, seeds,

tea and opium. These are sent mainly to the United Kingdom and British Possessions generally, especially Hong-Kong, Ceylon and the Straits Settlements. A considerable trade is also done with Germany and the United States. The exports by land, chiefly to Nepal and Afghanistan, comprise chiefly European goods.

Various classes of persons are concerned in the carrying on of this trade, each class having its own characteristics and confining itself to its own branch of the work.

The **Merchant or Wholesale Trader** seeks out the sources of manufacture; imports or exports goods on his own account, or on commission for his foreign customers; and also, in a way, acts as both agent and banker for them.

The **Retail Dealer** obtains his supplies from the merchant, and sells single articles or small quantities of goods to the public.

The **Manufacturer or Producer** ignores the small dealer and disposes of his goods to the wholesale merchant direct, or by means of the middleman.

The **Middleman**, as the name implies, acts as an intermediary between the manufacturer or producer and the consumer. Many attempts have been made to dispense with the services of this useful class of business men, but they have been unsuccessful. With the present system of trade between different countries or districts the middleman is a great convenience, if not an absolute necessity.

An **Agent** is one who buys or sells goods or transacts business affairs for another. A **Particular Agent** is authorised by his principal to transact some special business, his powers ceasing when that business has been executed. A **General Agent** is empowered to act for his principal in a general way, as long as the appointment lasts. The remuneration of an agent is usually in the form of a commission of so much per cent. on the value of the business done by him. Sometimes he is given an extra amount per cent. for guaranteeing the payment for the goods sold by him on behalf of his principal. This is called *Del Credere Commission*.

A **Broker** is an agent who is employed to buy or sell goods for others. He acts as an intermediary between the buyer and the seller. He does not hold possession of the goods he sells, but arranges the sale, and usually discloses the name of his principal to the buyer, and *vice versa*. When a sale has been arranged the broker sends to the buyer a document known as the **Bought Note**, and to the seller a similar document called a **Sold Note**. These notes give particulars of the goods sold, the price charged, and the terms of payment. A specimen of a Broker's Contract Note is given on page 9.

The commission paid to the Broker for his services is known as *Brokerage*. There are also *Stockbrokers*, *Shipbrokers*, *Insurance Brokers*, etc.

A **Factor** is an agent who is entrusted with possession of the goods he is to sell. He buys and sells in his *own* name, not in the name of his principal, and he does not bind himself to any particular firm. There are Corn Factors, Cheese Factors, Leather Factors, etc.

An **Auctioneer** is an agent engaged or appointed to sell goods on behalf of another. He is bound to act according to the instructions of the person by whom he is employed; to take proper care of the goods entrusted to him for sale; and to obtain the best price possible for the goods when offered for sale. In connection with sales by auction an *Upset Price* means the lowest amount at which the owner of the goods is willing that the bidding for them shall start; a *Reserve Price* represents the sum below which the goods will not be sold; while *Without Reserve* means that the highest bidder becomes the buyer. The auctioneer signifies his acceptance of an offer by striking his desk with a small hammer. Hence the goods are said to be *Knocked Down* to the highest bidder. In a *Dutch Auction* the auctioneer starts at a high figure, and reduces the amount until someone accepts the offer and so becomes the buyer.

Consuls are another important class of persons connected more or less closely with the commerce of the country. A

consul is one who is appointed by his government to reside in some foreign country in order to watch over and further the commercial interests of the nation he represents. England is represented abroad by a large number of consuls of various grades, who send home, from time to time, reports on the state of foreign markets, etc., of the utmost value to British merchants. A consul is entitled to charge fees called *Consulage* for performing certain duties connected with his office.

Then there are **Travellers**, persons who are employed by the large wholesale or manufacturing houses to canvass for orders, either in the town in which the business is established (in which case they are known as *Town Travellers*), or in other towns, or even abroad.

"A contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a money consideration called the price." It is important to know that "a contract for the sale of any goods of the value of ten pounds or upwards shall not be enforceable by action unless the buyer shall accept part of the goods so sold, and actually receive the same, or give something in earnest to bind the contract, or in part payment, or unless some note or memorandum in writing of the contract be made and signed by the party to be charged or his agent in that behalf."

Goods are sold by *Sample*, that is, a small portion drawn from the bulk, as in the case of wines, teas, etc., and by *Type*, or standard sample, as in the case of corn, rice, coffee, etc., especially when this is sold "to arrive," the type being taken from the crop in the early part of the season, and the year's growth being guaranteed equal to the type. Should the produce prove to be inferior to the type, an allowance is usually made, the amount being settled by arrangement or by arbitration.

Goods are also sold by *Description*, where they bear a well-known trade mark; and *On Evidence*, in cases where they cannot at the time of purchase be examined, as when goods

Specimen of a Broker's Contract (Bought Note).

110, Fenchurch Street, LONDON, E.C.
Messrs Blank Bros., 20th May 19..
3, Cullum St.

Bought by your order and for your account at our public sale
this day.

Ex "Oron" from Costa Rica.

AJ Lots 1/10, 100 bags coffee 7 1/4/- per cwt.

C Sale Terms—Prompt, 20th June, 19..

Sharp & Son,

Brokers.

are sold solely on the evidence of the shipping documents relating to them.

When goods are sold *On Approval* or *On Sale or Return*, the buyer has the right to accept or to refuse them, so long as he decides within a reasonable time. An unreasonable delay in giving notice of refusal would be considered equal to an expression of approval of the goods.

A *Spot Sale* means that the goods are actually on hand, and can be delivered immediately. When goods are sold *To Arrive*, it means that they are in course of transit from abroad, and will be delivered on the arrival of the vessel by which they are being conveyed.

A sale for *Delivery on Term* means that the goods are to be delivered at a fixed date. *Forward Delivery* means delivery within a stated period.

A sale *By Prompt* signifies that an agreement has been entered into whereby the goods are to be delivered and paid for at a specified date, known as the *Prompt Day*. If the buyer wishes to take delivery before the date agreed-upon, he must pay for them at the time of delivery.

When goods are sold in packages or cases, there are three distinct weights to be taken into consideration. The actual weight of the goods is called the *Net Weight*; the combined weight of both goods and package, the *Gross Weight*; while the weight of the package in which the goods are enclosed is called the *Tare*; and in business there is generally a recognised allowance made for the tare of the case, cask, chest, or other package in which goods are secured, according to the custom of each particular trade. *Actual Tare* means that the package has been weighed separately from the goods before they were packed. *Average Tare* is taken where the packages are numerous, and of a similar size or shape, and only a few have been weighed so as to form an average for the whole; while *Customary Tare* is an established allowance made in some trades for the weight of packages which are so invariably alike and of such uniform weight, as to warrant a fixed percentage allowance being made for them. *Estimated Tare*

means that the package has not actually been weighed separately from the goods, but being of a similar size or shape to others which have been weighed, it is estimated to weigh the same. *Super Tare* is an additional tare made in some instances when the package exceeds a certain weight.

The following terms are also of frequent occurrence in connection with the sale of goods :—

Loco or At Warehouse means that the price is for the goods as they lie in the warehouse of the seller ; the buyer to take delivery of them there and remove them at his own expense.

Cost and Freight (C. & F.) means that the price includes the cost of the goods, packing, railway carriage, freight and shipping charges upon them.

Cost, Insurance and Freight (C.I.F.) signifies that the price includes the cost of the goods, shipping charges, and the expense of effecting an insurance upon them.

Cash on Delivery (C.O.D.) means that the goods are to be paid for at the time of delivery.

Free Alongside Ship (F.A.S.) means that the goods are to be delivered free alongside but not on board the vessel.

Free on Board (F.O.B.) signifies that for the price named the seller will put the goods on board the vessel free of further cost to the buyer.

Free Overside means that the buyer must provide his own lighter or barge alongside and take delivery of the goods as they leave the vessel's slings. This condition is common when goods are sold "*To Arrive.*"

Free on Rails (F.O.R.) means that the price includes delivery of the goods into the wagons of the railway company.

Firm Offer signifies that only within a specified time will an order be accepted at the price named and on the conditions stated.

Subject to being Unsold is a phrase employed when the same goods are offered to several likely buyers. The first one to accept secures the goods.

Without Engagement means that the price at which goods are offered is the nearest market price of the day, but the seller does not bind himself to accept an order at it without further negotiation.

In Bond means that the goods are stored in a bonded warehouse, and that the price does not include payment of the customs duties due upon them, an expense which must be borne by the buyer of the goods.

The Department of Industry and Commerce is the Department of the Government formed to exercise supervision over all matters connected with the mercantile marine, trade, navigation and railways. Its duties fall under the following heads :—

(1) The railway department dealing with all the principal matters concerned with the railways, the consideration of new lines, etc.

(2) The administration of the Factory, Petroleum and Explosives Acts is in the department's hands.

(3) It looks after the postal business, customs, statistics, printing and stationery, and everything relating to ports, shipping, and trade generally.

(4) It also administers the Merchandise Marks Act for the protection of trade marks and descriptions, the Merchant Shipping Acts, the telegraphs and the collieries.

(5) It deals also with all labour questions, including the emigration to foreign countries and to the Assam tea districts, and all matters regarding economic products and arts and the Patents Office.

Chambers of Commerce are associations of business men, voluntarily banded together for the promotion and furtherance of the commercial interests of the country. These institutions have rendered invaluable services to Indian trade by collecting and publishing information on mercantile affairs ; promoting or opposing measures affecting the interests of commerce ; and by encouraging and improving technical and commercial education.

Notable examples are the Chambers of Commerce of Bombay, Calcutta, Madras and Upper-India.

QUESTIONS ON CHAPTER I

1. What is *Commerce* ?
2. Name and define the three branches into which Commerce is divided.
3. What is meant by the *Balance of Trade* ?
4. Name three of the various classes of persons engaged in commerce.
5. What is an *Agent* ?
6. Explain the difference between a *general agent* and a *particular agent*. Also name some of the terms used in a *Sale by Auction*.
7. What is *Del Credere Commission* ?
8. In what particular does a *Factor* differ from a *Broker* ?
9. What name is given to the commission paid to a Broker for his services ?
10. Define a *Contract of Sale of Goods*.
11. What is a *Sample* ?
12. Explain the meanings of *Type*, *Description*, and *On Evidence* as used in connection with the sale of goods, and name the various *weights* which may be spoken of.
13. Is a buyer bound to accept goods sent *On Approval* or *On Sale or Return* ?
14. Give the meanings of *Spot Sale*, *Forward Delivery*, and *Prompt Day*.
15. State the meanings of *Firm Offer*, *Without Engagement*, and *Subject to being Unsold*.

16. What is meant by (1) *C.I.F.* ; (2) *F.O.R.* ; (3) *F.A.S.* ; (4) *F.O.B.* ; (5) *In Bond* ?
17. What is the *Department of Commerce and Industry* ?
18. Name the functions of the *Department of Commerce and Industry*.
19. What is a *Chamber of Commerce* ?
20. What are the chief duties of *Consuls* ?

CHAPTER II

INWARD CORRESPONDENCE

CORRESPONDENCE is of the utmost importance in commercial life ; and the letters and documents used in carrying out business should be carefully preserved, because they frequently form the record of a whole transaction, and very large sums of money may depend upon their careful preservation. Verbal bargains or agreements are liable to be misunderstood, and to lead to litigation. All such contracts, therefore, should be committed to writing, accurately and clearly, so as to leave no room for dispute, and the documents should be so arranged and kept that they can be found with little delay, if it should be necessary to refer to them at any subsequent time.

There are three principal methods of dealing with letters received.

1. They may be *filed* in order of date, and afterwards bound with an index.

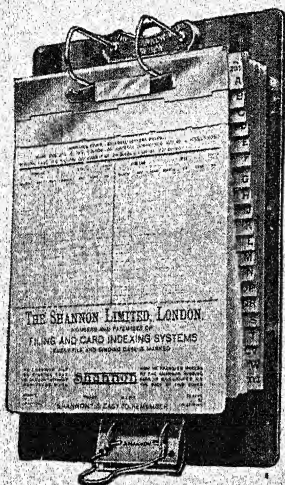
2. They may be preserved in one of the many *filing cabinets* which have been invented.

3. They may be kept in *pigeon holes*, folded and arranged alphabetically in bundles.

The simplest method of filing letters is the following :—

The letters, in order of receipt, are placed upon the kind of file in use, and this retains them in their places until they are sufficiently numerous to be bound into a volume, and placed apart for reference should occasion arise.

Each *volume of bound-up letters* contains them in order of receipt, numbered consecutively ; and the volume is *indexed and cross referenced* by a method which will be described when dealing with the Letter Book.



One of the most popular methods of filing is by means of the *double arch* file. The documents to be filed are first pierced by a little machine called a *file punch*, which is usually fixed to the file, but which may also be had separately.

Although every paper is held securely in its place, any one can instantly be removed without chance of loss or misplacement to other papers ; or it can be examined, without being removed from the file.

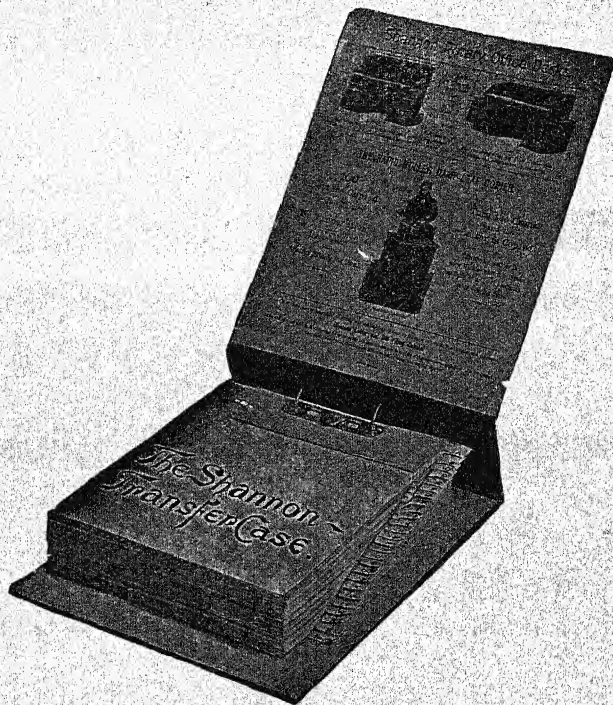
In other systems the documents are held in their places by means of a spring, so that there is no need to perforate them ; and this is claimed as a special advantage.

Letters are filed in exactly the same manner that names are indexed in directories ; that is, not only are they placed alphabetically, according to the initial letter of the surname, but also in accordance with the Christian name. The first letters of the surname determine the subdivision under which the letter is to be placed, and under the subdivision letters are placed alphabetically ; as, for instance, under A we have first *Abel*, then *Adams*, *Agate*, *Aiken*, *Allen*, etc.

Now there may be more than one correspondent named Adams ; then the Christian name acts as a secondary guide for alphabetical arrangement, and the letters of *John Adams* will be placed beneath those of *Charles Adams*, while those of *William Adams* come below those of *John*.

All letters being placed according to date, the last always

on the top, the entire correspondence of Charles Adams is by itself, in the order in which the letters have been received, that of John Adams by itself in the same manner, making

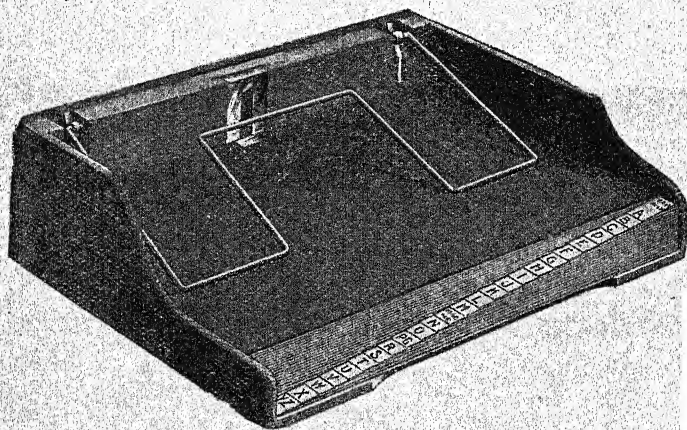


reference to any letter instantaneous and certain. Indian names should be indexed according to the whole name. In dealing with such names as Murari Lal, Mahomed Ahsan, Niranjana Das, Messrs. Dadabhoy and Co., the proper order would be:—Dadabhoy, Messrs.; Mahomed Ahsan; Murari Lal; Niranjana Das.

At intervals—either when the file drawer has been filled, or at the expiration of regular periods of time, such as the end of a year—the contents of the file drawers are removed

to a binding case for preservation. The method of removal is simplicity itself, but it varies with each different style of filing arrangement. Suffice it to say, however, that it is done without disturbing the order of the documents.

The papers having been placed in the case provided for them, the back of the case is lettered with a reference number or letter, the alphabetic division, and the period of time



CABINET FILE DRAWER

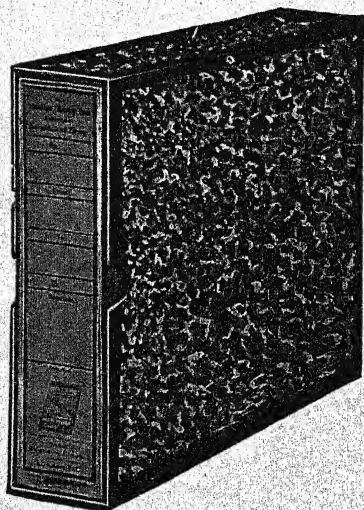
covered by the correspondence, and a similar entry is made on the cover of the file.

When the papers are transferred from a cabinet file drawer to a binding case, a record of the transfer is made in the necessary space provided for this purpose on the first cover in each filing drawer, showing the dates of the first and last papers, and also the number of the case to which they are transferred. This record provides a ready reference to the binding cases containing the earlier correspondence of any particular customer or client.

A number of file drawers, fitted together into a case

provided with necessary indexes and appropriate labels, forms a *filing cabinet*. This allows a more minute classification of business papers and correspondence and gives the additional advantage of convenient access to papers covering a considerable period of time.

As any one file drawer becomes filled, its contents are

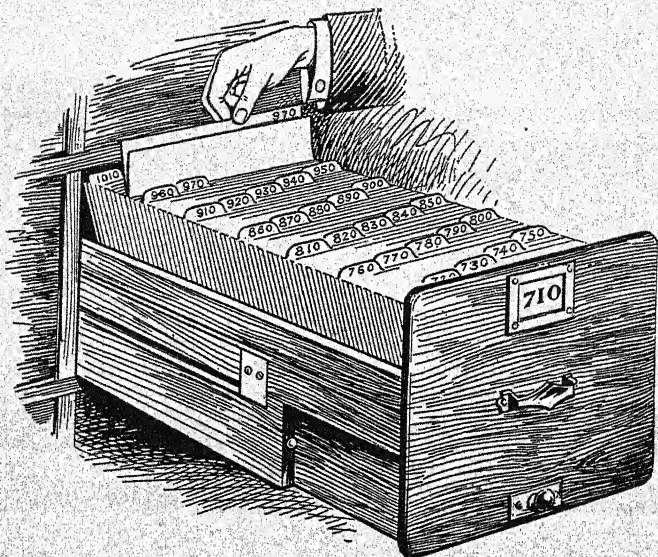


TRANSFER CASE

transferred to a binding case and placed in the lower case at the base of the filing cabinet.

Document files for folded papers are also manufactured by various makers.

In some offices it is found that the vertical system of filing is best adapted to special requirements, and it certainly has great advantages over some of the older methods. To each correspondent is allocated a folder, made up of a sheet of stout manilla paper, folded in such a way as to leave the back of the sheet half an inch higher than the front. On the part

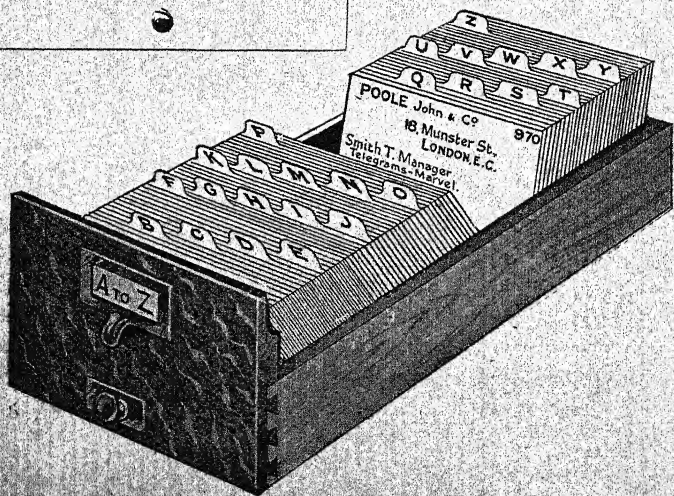


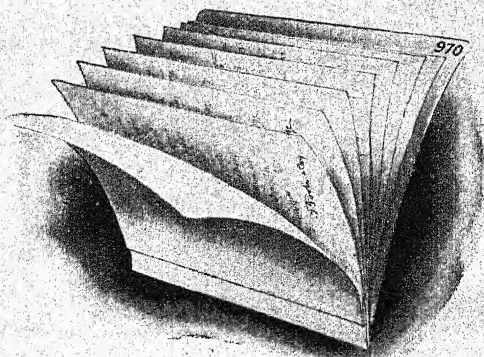
POOLE. John & Co

970

18 Munster St
LONDON E.C.

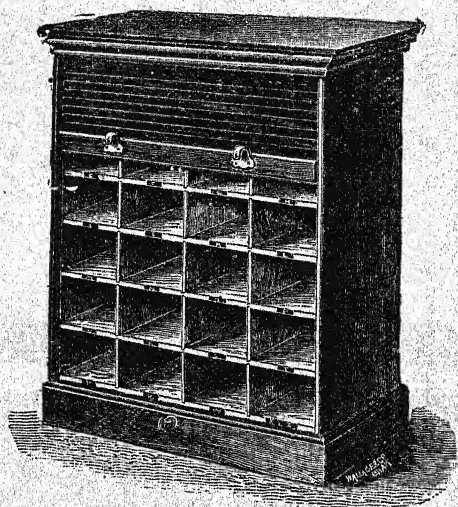
Smith T. Manager.
Telegrams Marvel.





exposed is written either the name of the correspondent or a number. As letters are received and dealt with, they are placed in the folder. Along with each letter a carbon or press copy of the reply may be filed, thus keeping the inward and outward correspondence together, and in chronological order, which facilitates reference. The folders are placed in a drawer and either numbered consecutively or filed in alphabetical order. If the first-named plan is adopted it becomes necessary to have an index, and for this purpose the card index is usually selected. It is possible to arrange by means of a card index for each correspondent's folder to bear the same number as the folio of the ledger in which his account appears. Supposing, for example, you do business with the Bombay Smallware Co., whose ledger account is on folio 156. A letter being received from the company, the folio would be found by reference to the card index, and the number (156) written or stamped on the document. When the reply was written the same reference number would be used, the original letter and the copy of the reply afterwards being placed in folder No. 156.

The "Pigeon Hole" method of preserving letters and documents for reference is still largely in use, and may be briefly



described. A large wooden case divided into twenty-four compartments, each being lettered, is constructed.

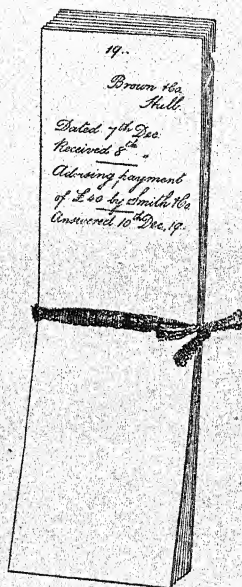
The illustration shows how the letters are arranged ; but it will be noticed that the front is partly closed by the revolving shutter. All the letters from persons or firms whose names commence with A, as *Adams, Andress & Trumbell, Archer & Co.*, etc., are put together in the A compartment ; all the letters from firms commencing with B in the B compartment, and so on. Thus, the letters from *Maw, Son & Thompson* will be found in the M compartment ; those from *Grosvenor, Chater & Co.*, in the G compartment.

The letters of each firm, in each of the compartments, are arranged in order of receipt and tied up with tape in a separate bundle. For example, compartment A might contain in six bundles, letters from *John Adams, Anderson & Co., Andress & Trumbell, Archer & Co., Australian Bank, and Axminster Supply Association.*

Hence, no index is needed, as in the case of letters bound in volumes. Before being put away the documents are folded in

one uniform size according to the size of the pigeon holes, with a blank page outside, on which certain facts regarding the letter are written, and this information is called the **Docket**.

The docket is written in order to obviate the necessity of looking at every letter in a certain bundle when searching for a particular one.



It should contain the first four or all seven of the following points :—

1. The year ;
2. The *name* of the writer ;
3. The *post-town* of the writer ;
4. The *date of the letter* ;
5. The *date of receipt* of the letter ;
6. A *brief abstract* of the contents of the letter ;
7. The *date of posting reply* to the letter.

Having been thus docketed, all the letters from one firm are collected, arranged in order of date, and placed in the proper pigeon hole.

In order to obviate frequent reference to the documents themselves, some firms have a very brief record of each letter or telegram received written in a book known as an **Inward Letter Book**. The letters are then numbered consecutively, beginning at unity daily ; passed to the departments concerned to be noted and dealt with ; and, finally, put away in a suitable file, or cabinet. The following specimen page of such a book will sufficiently indicate its use.

INWARD LETTER BOOK

No.	Date.	From.	Place.	Subject.	Remarks.
52	Nov. 15	Raheem, A.	Calcutta	Offering to act as Agent	Accepted
3	" "	Dimshaw, J.	Poona	Enquiry re Frost & Co.	Handed to J.H.
4	" "	Gonzalez & Co.	Goa	Proposing business on Consignment lines	Declined.

In case of dispute on some matter of business, or where for some other reason, there has been a series of letters between a firm and one of its correspondents, it may be necessary to prepare a brief but connected account of the matters dealt with in the various letters, so that the narration may enable a third person to grasp the facts of the case easily and quickly. Such an account is known as a **Précis**. The précis should contain nothing except what is essential in order to enable the reader to understand the subject-matter of the correspondence.

The following letters are taken from " Pitman's Commercial Correspondence and Commercial English " (2/6) as specimens of a series of letters of which a précis is supposed to be required by Mr. Wimborne.

London, 15th April, 19..

Messrs. CALDER & WIMBORNE,
Birmingham.

Gentlemen,

Our friends, Messrs. Starley & Co., inform us that you are desirous of meeting with a reliable firm in London, having a good connection among the Wholesale and Export trade, willing to act in the capacity of Agents for your Patents in Bedsteads, etc.

Acting upon our friends' advice, we offer you our services. You are probably aware that we do an extensive business in all branches of Furnishing Ironmongery, etc., and, having been established some years, our connections are both numerous and valuable. We have for some time past been representing your competitors, Messrs. Snow & Co., of your City, but, as you will know, the founders of the business have floated the concern as a limited company, and the new management have decided to establish their own branch in London.

We have, therefore, had some experience of the articles you produce, and, having in the past done our best to compete against them, we are probably in the unique position of knowing best how to compete for them, as well as their possibilities in certain quarters against rival makes. At any rate, we are confident that we could do a large turnover for you annually. Our show-rooms are both well situated and extensive, and are lighted throughout by electricity, so that your goods would be shown to advantage. We have three town travellers and three in the country, all of whom would push the sale of your goods, and buyers would, therefore, be well looked after.

We should be glad to hear if our proposal is agreeable to you, and, if so, will you kindly indicate the general conditions and terms upon which you would be willing to negotiate with us? Our Mr. Wilson Horlake would then arrange to interview you when he comes to Birmingham in a fortnight's time. We can give you first-class references, but Messrs. Starley & Co. would provide you with any information you may desire concerning our status, etc.

Hoping to hear favourably from you,

We remain, Gentlemen,

Yours faithfully,

HORLAKE, HORLAKE & BRETT.

Birmingham, 18th April, 19..

Messrs. HORLAKE, HORLAKE & BRETT,
London.

Gentlemen,

We duly received your favour of the 15th inst., and, after careful consideration of the contents, we are favourably impressed with the proposal you make us.

We have already been in treaty with several firms, but at present have come to no decision in the matter. However, if terms can be arranged, we think you would be just the people we should like to represent us. We believe you have good connections throughout the trade, and it seems to us a favourable opportunity to further develop the business which we have been doing among the class of buyers you mention for some years past.

Of course, the whole matter hinges upon the question of the amount of commission you would require on orders obtained and executed, and, as your Mr. Wilson Horlake intends visiting Birmingham in a fortnight's time, we think we should prefer to discuss the various points with him personally, instead of stating general conditions and terms which would probably have to be modified or withdrawn after an interview.

We shall, therefore, await Mr. W. Horlake's call, and meanwhile

We remain, Gentlemen,
Yours faithfully,
CALDER & WIMBORNE.

Birmingham, 21st April, 19..

MESSRS. HORLAKE, HORLAKE & BRETT,
London.

Gentlemen,

Our Mr. Chas. Calder has, unexpectedly, to go to London to-morrow (Tuesday), and, as he will be disengaged after 2 o'clock, he purposes calling upon you about that hour, should your Mr. Wilson Horlake be able conveniently to arrange to meet him. The question of show-rooms, etc., could then be settled on the spot, which appears to us an advantage. Please, therefore, wire us if 2 p.m. to 2.30 p.m. will be convenient.

Yours faithfully,
CALDER & WIMBORNE.

[A telegram is sent.]

Birmingham, 23rd April, 19..

MESSRS. HORLAKE, HORLAKE & BRETT,
London.

Gentlemen,

Since our Mr. Charles Calder's return we have thoroughly considered the terms and conditions discussed with your Mr. Wilson Horlake, and have decided to appoint you our sole London agents. We are in agreement with your proposals except in a few minor points, and herewith give you in writing the terms and conditions upon which we agree to work as follows :—

We appoint you our sole London Agents for a period of twelve months from date, and agree to pay you commission on all orders received direct or indirect from London buyers. Being fully represented in the provinces, also in Wales, Scotland, and Ireland, we must confine your area to London and district, by which a radius of 12 miles round London is to be understood.

On all Continental orders we receive through you and execute we likewise agree to pay you commission, but as we have extensive connections on the Continent already, we cannot give you the sole representation. The commission we agree to pay you is 5 per cent. on the net amount of all sales effected by you on our behalf and executed by us.

We also agree to allow the customers discount of 2½ per cent.

monthly on all ordinary prices, and special discounts to be arranged for special orders.

Further, we will allow you $2\frac{1}{2}$ per cent. for *del credere*, as you have your own connections, and, moreover, we wish to leave ourselves free to devote our energies to the manufacturing part of the business as much as possible. You will render us account of all sales made for us up to and including the 20th of each month, and remit us the amount of such sales, less discounts and commission, in the 1st of the second month after; for instance, the Account Sales for January would be paid by your cheque on the 1st March.

With regard to show-rooms, we have been debating this matter and think that our goods will have quite enough show if confined to the one floor, viz., your second floor. We do not think it necessary or advisable to keep a large stock in London, and consider that samples representing our various patterns would be sufficient. We therefore agree to bear a charge of £50 per annum for rent and lighting of your second floor as estimated by your Mr. Horlake.

We understand that the insurance policies you have with the Sun would be increased to the extent of the value of samples we send you. All goods would be sold free your warehouse, and we should therefore deliver to you carriage paid.

We should be glad to have your confirmation of the above amended terms, etc., at your earliest convenience, so that we may have the agreement prepared as soon as possible and signed. Immediately this is done, we will get to work and send you a representative range of patterns, including some new models we are bringing out this season.

We are also having some circulars got out announcing your appointment as Agents, and will send these to you in the course of next week.

Yours truly,

CALDER & WIMBORNE.

London, 25th April, 19..

MESSRS. CALDER & WIMBORNE,
Birmingham.

Gentlemen,

We are in receipt of your favour of the 23rd inst., and have pleasure in confirming our agreement to the conditions and terms set forth in your letter appointing us your sole Agents for London and district. With regard to the clause restricting us to a radius of 12 miles round London, we would say that, as we shall probably do no business outside the City, the 12 miles round will not be of much use to us, and that, if you could have seen your way to give us a free hand in the provinces, we might have done some good business for you. However, we hope to show you a good return during the next twelve months in the quarters already mentioned, and we also entertain the hope that we shall yet convince you of the advisability of extending the agency to the whole of the United Kingdom, as we really believe that we should be in a better position to secure for you the proper representation of your productions than any other organisation in the trade.

We note you are preparing some circulars, and will see that they are properly distributed.

We now await agreement, and the show-rooms are being prepared for the samples you intend to send us for show.

Mr. Wilson Horlake will arrange the matter of price lists, etc., when he calls on you on Thursday next. Meanwhile we remain, with compliments,

Yours truly,

HORLAKE, HORLAKE & BRETT.

PRÉCIS OF PRECEDING CORRESPONDENCE

On 15th April Messrs. Horlake, Horlake & Brett wrote offering to act as London Agents for our Bedsteads, etc. Reply was sent on the 18th, requesting interview with Mr. Wilson Horlake; and a further letter was forwarded on the 21st, suggesting meeting between Mr. Charles Calder and Messrs. H., H. & B. on the following day. This suggestion was acceded to; and a letter was sent to Messrs. H., H. & B. on the 23rd, confirming terms of agency arranged, and was acknowledged in confirmatory letter by Messrs. H., H. & B., on the 25th inst.

QUESTIONS ON CHAPTER II

1. Give some reasons why the letters and other documents received in business should be preserved.
2. State the principal methods of dealing with letters received.
3. Explain some of the modes of filing documents.
4. Describe the method of *Pigeon Holing* documents.
5. What is meant by *Docketing*?
6. Show how you would docket each of the letters given in Chapter II.
7. Describe the use of the *Inward Letter Book*.
8. What do you understand by *Précis*?
9. In what circumstances might a *précis* of letters be required by a merchant?
10. Write a *précis* of the correspondence given in this chapter, without reference to the example given.

CHAPTER III

OUTWARD CORRESPONDENCE

It is just as important to keep exact copies of all outward correspondence, etc., as it is to preserve the letters and other documents received. Letters are generally copied by means of a mechanical contrivance called a Copying Press,

and the copies are kept in a book provided for the purpose, and known as the **Letter Book**.

The letter book is composed of leaves of copying paper numbered consecutively on one side only, and bound together.

Copying paper, it will be understood, is a special make of paper, which is damped when a copy is required. To prevent

the damp penetrating to other leaves of the letter book, and so copying the letter a number of times, the leaf and the letter are separated from the rest

of the book by sheets of thick, oiled paper,

through which damp does not penetrate. When a leaf of the letter book is over-damped, the ink floods, and spreads about in blots; to avoid this, a sheet of absorbing paper is used to remove the superfluous moisture, and the letter is then placed upon it.

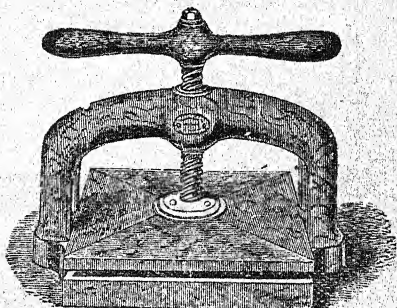
Instead of using ordinary ink for the letter to be copied, it is written with a special fluid, called copying ink. It must not be dried with blotting paper, but allowed to dry naturally in the air; otherwise, no copy can be obtained.

The complete process of copying a letter in the outward letter book will now be detailed in steps.

In order to copy a letter on leaf numbered 51,

1. Open the book between the leaves numbered 50 and 51, and lay a sheet of oiled paper upon the back of the leaf numbered 50, that is, on the left-hand leaf of the book as it lies open in front of you.

2. Turn the leaf numbered 51 over the sheet of oiled paper; damp the whole page except the top right-hand corner; place upon it a sheet of absorbing paper, and close the letter book.



A COPYING PRESS

3. Place the book in the machine for an instant and press to absorb the superfluous moisture.

4. Remove the book from the copying press ; open it ; take out the absorbing paper ; put the letter to be copied in its place, its unwritten side being next the page numbered 52, its written side in contact with the leaf of the letter book numbered 51.

5. On the back of the letter place another sheet of oiled paper, close the letter book and place it in the copying press, and apply pressure by turning the lever connected with the powerful screw. When the book is taken out and opened, an exact reproduction or facsimile of the letter will be found on the leaf numbered 51.

Letters intended to be copied should be written on one side of the paper only ; for, when two sides are written upon, there is the danger of both being blotted in the process of copying. When correspondence paper is in four-page sheets, the printed heading appears on what is apparently the fourth page of the sheet. The writer, having filed this page, opens the sheet and continues his letter on the first page, thus giving the whole of it on two pages in proper order. Should the letter need still more paper, he takes another sheet and numbers the pages. Had he begun on the first page of the sheet, the letter would not have fallen in order.

Typed letters are generally copied by means of india-rubber sheets—thin sheets of rubber covered with linen—or linen sheets. These are damped, placed upon an oiled sheet and laid on the left-hand side of the book. The page on which the letter is to be copied is then laid down upon it, and an absorbent sheet is placed upon this and pressed. The absorbent sheet being removed, the oiled sheet is inserted in its place. The letter is then laid, face downwards, upon the damp sheet, the rubber sheet, of course, being retained, and the book is replaced in the press. On withdrawing the book an even copy of the letter will be found on the tissue paper.

Two, three, or even more letters may be copied at once, if successive sheets of oiled paper are used. In offices, where

letter books of various sizes are employed, there ought to be a copying press for each size ; for, when a small book is put into a large press, the back cannot be made to project, as it ought to do ; and so it gets crushed. Care must be taken, too, not to close the letter book until the copy is dry, unless the damp page is protected by sheets of oiled paper.

The letter book, therefore, contains on its pages accurate copies of all the letters written by a firm, or some particular department of a firm, for a certain period, arranged in order of date. As such a book may have to be used as evidence in a court of law, no page should ever be removed from its place or tampered with in any way, or it would weaken the evidence the book is calculated to give.

In order to be able to find quickly the copy of any letter to which it may be necessary to refer, there are some pages of ordinary paper bound up at the beginning of the letter book, each page being partly cut away so as to expose the letters of the alphabet. This is called the *Index*.

If a letter to *Anderson & Co., Nagpur*, has been copied on leaf numbered 7 in the letter book, the clerk would turn to the page of the index labelled A, and on the first blank line would write

Anderson & Co., Nagpur, 7.

Should other letters be written to Anderson & Co., Nagpur, and copied, they would be indexed in a similar manner until quite an array of figures would appear opposite to their name, thus—

Anderson & Co., Nagpur, 7, 20, 27, 31, 35, 39,
so that one could see at a glance on which leaves of the letter book all the letters to Anderson & Co., would be found.

The same process is repeated for every name ; care, of course, being taken to place it upon the proper index page, and to select the distinctive name of the firm. Further examples of indexing are given on the following page.

Having, by means of the index, found one letter to a certain firm, the correspondence can be traced in either direction

Page A	Adams, John Anderson and Co. Andress and Trumble	4, 11, 25, 7, 20, 24, 31, 35, 39, 5, 19, 26,
Page B.	Bacon and Co. Butcher, William	3, 18, 24, 6, 13, 23,
Page C.	Cassell and Co. Caeton Smiling Co. . . .	2, 17, 29, 9, 14, 22, 33, 37,
Page D	Doncaster Bank	1, 15, 21, 34, 38,

without the trouble of referring again to the index, if the letters are cross referenced as follows :—

Open the letter book on page 31, where a copy of a letter to Anderson & Co. will be found. In a properly kept letter book there will be found on this page, in the form of a fraction, and written with a coloured pencil, the figures $\frac{27}{35}$ indicating that a copy of the preceding letter to Anderson & Co. will be found on page 27, and that the succeeding one will be found on page 35.

If the letter is the first one to any firm the numerator of the fraction is sometimes zero ; thus the first letter to Anderson & Co. on page 7 of the letter book might be cross referenced $\frac{0}{20}$ or the numerator might be made to refer to some previous letter book.

When the copy of a certain letter to a firm is the last at present in the book, the denominator of the cross reference fraction is left blank. Thus, so long as page 35 contains the last letter to Anderson & Co. it is marked 31

but when that on page 39 is copied into the book the cross reference on page 35 is completed by the addition of the

denominator $\frac{31}{39}$ and now reads $\frac{31}{39}$ and on page 39 the reference reads 35

Other methods of indexing are employed in some offices, but the one just described is the most common. As already explained, in some offices the use of the letter book is obviated by taking a carbon copy of each letter on a loose sheet, which is filed along with the letter to which it is a reply.

Various means are adopted in large offices for obtaining multiplex copies of documents of one kind or another ; the following being the methods best known and most commonly employed.

1. Sheets of *carbon paper* are placed between two, three, or even more sheets of paper, and the matter to be reproduced is written on the uppermost sheet with a hard lead pencil or

suitable pen. This method is most useful for taking copies of telegrams or orders.

2. The **Gelatine Process** consists of writing the copy with an aniline dye on a sheet of paper, and placing this upon a layer of glycerine and glue, first melted together and then allowed to cool and become firm in a shallow tin tray. The ink is absorbed by the glycerine and glue, and copies of the matter written are obtained by pressing, carefully and evenly, sheets of paper upon the surface of the mixture in the tray. The number of copies obtainable depends very much upon the care exercised in the process.

3. **Stencil Copying** is done by writing with a fine pointed steel style on prepared paper placed on an engraved metal plate, or the writing is done by a style with small toothed wheel upon special paper laid upon a finely polished steel plate. The pressure of the pencil perforates the paper, which is then known as a *stencil*. This is fastened to a printing frame, beneath which is placed the plain paper to be printed on; an inked roller is passed over the stencil, forcing the ink through the perforations on to the paper beneath, and so producing an exact copy of the original matter. Hundreds of copies may be produced by this method.

The typewriter may be used for all the processes described above. When typing the copy for a gelatine process a special hektograph ribbon or pad is necessary, whilst for the cutting of stencils the ribbon must be removed.

Where a great number of copies of trade circulars, etc., are required, many firms prefer to have them reproduced by *Lithography*. Full particulars and estimates for this work can be obtained from any lithographic printer.

In preparing letters for the post, care must be taken that *all enclosures* mentioned in the letter are duly placed in the envelope. Nothing is more annoying, either to the writer or to the receiver of a letter, than to find that documents said to be enclosed have been omitted; and, in the case of foreign letters, not only annoyance, but loss may result. Should any enclosures appear to be missing, inquiry must be made of

the writer of the letter, who generally notes either at its head or foot the number of enclosures, thus,

3 Enclos.

It will serve to remind the clerk who makes up the letters that other documents are to be enclosed, if he will write in pencil the word *Enclos.*, and the *number* and *nature* of them, either as *Inv.*, *Chq.* (Invoice, Cheque), on the inner side of the flap of the envelope, or on the front of the envelope where the stamp is to be affixed. Very great care must be taken not to mix the enclosures and place them in the wrong envelopes.

Even the minute details of closing and securing a letter are not beneath notice. The almost universal use of envelopes at the present day has made the art of folding a sheet of letter paper for the post well nigh a lost one.

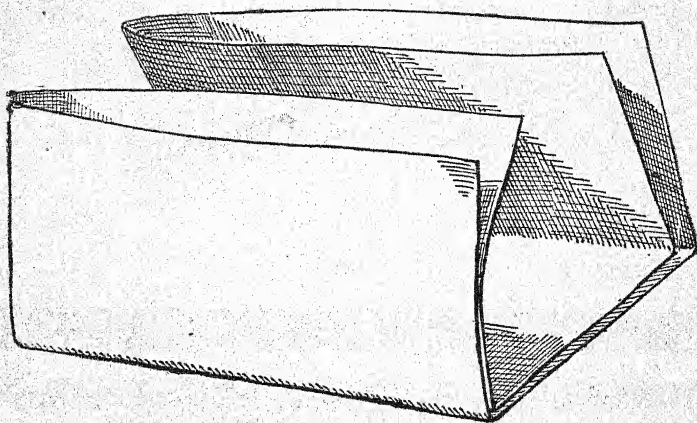
A letter sheet of quarto size should be folded from the bottom forwards, bringing the lower edge near the top, so as to make the half length a little shorter than the envelope, and then break the fold. Next, fold twice the other way, beginning at the edge on the left and folding towards the right. Measure these folds also, so as to fit the envelope.

A note sheet of octavo size should be folded twice from the bottom forwards so as to fit the envelope; but, when the envelope is nearly square, a single fold of the note sheet is sufficient. The appearance of an important and carefully written letter may be completely spoiled by carelessness in folding.

In social correspondence, the envelopes, like the paper, should be white and plain, and should correspond to the paper used in size and quality. The square envelope is not generally used in business correspondence.

Business envelopes are mostly of three sizes—

1. To hold a note sheet, 8 inches by 5 inches, when folded in three; such envelopes being from $5\frac{1}{4}$ to 6 inches long, and from $3\frac{1}{4}$ to $3\frac{1}{2}$ inches wide.



2. To contain a half sheet of foolscap folded in half from bottom to top, and then folded again in half, in the same direction; such envelopes being about $8\frac{1}{2}$ inches long, and about $3\frac{1}{2}$ inches wide.

3. To contain a half sheet of draft paper, 10 inches long by 8 inches wide, folded in half; such envelopes being generally about $9\frac{1}{2}$ inches long and about 6 inches wide.

In Addressing an Envelope the writer should place 'on the *first line* the name of the person or firm for whom the letter is intended, followed by a comma (,); the *second line* should commence a little to the right of the first, and should contain the number in the street and the name of the street, or description of the firm, when these are necessary; the *third line* should commence still further to the right and should give the name of the town or city, written in a larger hand, and underlined; while the *fourth line* should give the name of the district or county, when such is necessary.

The following examples will make these directions quite clear, and will show the correct modes of addressing persons in different ranks and firms of different nationalities.

The Viceroy.

*His Excellency the Viceroy and
Governor-General of India.*

A Lieutenant-Governor.

*To his Honour the Lieutenant-Governor
of the United Provinces.*

A Commissioner.

To J. Smith, Esq., I.C.S. Commissioner.

A Member of the Viceroy's Council.

To the Hon'ble. Mr. Smith.

A Private Gentleman.

J. Weeton, Esq.

Begin: *Sir or Dear Sir.* End: *I am, Sir, or Dear Sir, Your
obedient Servant.*

An Official.

*The Secretary,
Board of Agriculture,
4 Whitehall Place,
London, S.W.*

*The Rt. Hon. the Secretary of State
for India,
The India Office,
St. James' Park,
London, S.W.*

*The Rt. Hon. the President,
Board of Trade,
Whitehall Gardens,
London, S.W.*

Begin: *Sir.* End: *I am, Sir, Your obedient Servant, or I have the
honour to be, My Lord, Your Lordship's most obedient Servant.*

Commercial Firms.

*Sir Isaac Pitman & Sons, Ltd.,
1 Amen Corner,
London, E.C.*

*Messrs. Fairman & Goode,
100 Cross Street,
Manchester.*

Begin: *Dear Sirs, or Gentlemen.* End: *Yours truly, or Yours
faithfully.*

A French Gentleman.

*M. Pierre Dupré,
Rue Reamur, 35,
Paris,
France.*

A French Firm.

*MM. Jacques Moët et Fils,
Rue Berger, 49,
Marseilles,
France.*

or *Messrs. Jacques Moët et Fils, etc.*

A German Gentleman.

*Herrn Friedrich Werner,
Jäger Strasse,
Berlin,
Germany.*

A German Firm.

*Herren Weber & Cie,
Schmid Strasse,
Köln,
Germany.*

An Italian Gentleman.

*Signor La Cava,
The Italian Embassy,
20 Grosvenor Square,
London, W.*

A Spanish Gentleman.

*Don Francisca Bermudez,
The Spanish Consulate,
1 Grosvenor Gardens,
London, S.W.*

When addressing articles for transmission through the post, care must be taken to write the name of the post-town clearly at the bottom of the address—

*Mr. Ahmed Shuja,
Sudder Bazaar,
Saharanpur.*

When there are several post-towns of the same name, the name of the district should be added in brackets—

*Mr. Murari Lal,
Ramnagar
(Benares).*

Also when one of several post-towns having the same name also happens to have the same name as the district it is in, the name of the Province should be added to the post-town:—

*Mr. Murari Lal,
Bilaspur,
Central Provinces.*

Letters to be delivered to passengers on board the P. & O. homeward Mail Steamers leaving Bombay every Saturday should be addressed—

*E. Jones, Esq.,
Care of the Mail Officer,
Bombay—Aden Sea-post Office.*

Great care is required also when addressing letters to America and Canada. Even in the case of large cities, it is advisable to write the name of the State, as there are, in the United States, five New Yorks, nine Philadelphias and twelve Bostons; eight Londons, nine Berlins, nine cities called Paris, and five named Lyons.

In addressing letters to the United States it is well to use the customary abbreviations for the various States and territories, such as:—

N.H., for New Hampshire; *Mass.*, for Massachusetts;
Conn., for Connecticut; *N.Y.* for New York;
Ga., for Georgia; *Wyo.*, for Wyoming, etc.

The stamp required to prepay the postage of the letter should be carefully affixed on the upper right-hand corner of the envelope. When a great number of letters have to be quickly distributed, any one which does not conform to the ordinary rule is likely to be laid aside for future examination and delayed.

QUESTIONS ON CHAPTER III

1. Explain the use of the *Copying Press* and describe how you would copy a letter.
2. Explain the *Index* to the letter book and show how letters are *Cross Referenced*.
3. State the principal methods in use for obtaining *Multiplex Copies* of business documents, etc.

4. Name some precautions which may be taken to prevent the omission of *Enclosures* from a letter.

5. Describe the manner of *folding* a letter sheet of quarto size, for insertion in an envelope.

6. Write your own name and address, as it should appear on an envelope.

7. Address an envelope to the Secretary of State for the Colonies, Colonial Office, Downing Street, S.W., and show how you would commence and end a letter to him.

8. Describe the method of addressing a letter to be delivered to a passenger on the P. & O. mail steamer.

CHAPTER IV

POSTAL INFORMATION

Inland Letters. The prepaid rate of postage for Inland Letters, by which is meant letters that pass between places in British India and between places outside British India at which there are Indian Post Offices (for example Bushire and Bandarabas on the Persian Gulf), is as follows:—

Not exceeding one tola in weight — half an anna.

Exceeding one tola but not exceeding ten tolas — one anna.

For every additional ten tolas — one anna.

A letter posted unpaid is charged on delivery with double postage; if insufficiently paid, with double the deficiency.

Post Cards. The prepaid rate of postage on every post card is $\frac{1}{4}$ anna and on every reply post card $\frac{1}{2}$ anna. Cards used as post cards must not be thinner nor more flexible than the inland post cards issued by the Post Office, and as regards size, must not be more than $5\frac{1}{2}$ by $3\frac{1}{2}$ inches, nor less than $4\frac{3}{4}$ by 3 inches. A post card must not be folded, cut or altered, except that the impressed postage stamp (if any) may be perforated with initials. It may not be enclosed in a cover of any kind. If any of these rules are infringed it will be treated as a letter.

Nothing may be attached to a post card except—

(1) Stamps in payment of postage or stamp duty.

(2) A gummed label (not to exceed 2 inches in length and $\frac{3}{4}$ inch in width), bearing the name and address of the person to whom the post card is sent.

(3) A similar label bearing the name and address of the sender of the card ; and

(4) Engravings, illustrations, drawings, and photographs on very thin paper and completely adherent to the card.

Foreign and Colonial Letters. The prepaid rate of postage on letters from British India for all British Possessions and Egypt (including the Soudan) is one anna for each ounce ; from British India to all other countries, except Ceylon and Portuguese India it is $2\frac{1}{2}$ annas for the first ounce and $1\frac{1}{2}$ annas for every additional ounce ; from British India to Ceylon and Portuguese India, the postage is the same as on inland letters.

If letters for transmission by the foreign post are posted unpaid or insufficiently paid, they are charged on delivery with double postage, or double the amount of the deficiency.

The prepaid rate of postage on every post card for a foreign destination is one anna, and on every reply post card two annas.

Registration. As a rule letters of special importance, or those of which it may be necessary to prove the delivery, should be registered, that is, they should be handed to an agent of the post office and a receipt obtained for them.

A registered letter can be traced from the moment it is handed in at the post office until it is taken out for delivery by the postman at the place of destination. Registration, therefore, may almost be considered a guarantee of safe delivery, and, as a matter of fact, the loss of a registered article is almost unknown.

The fee for registering an inland letter, postal packet, or parcel, is two annas. This fee, which must be prepaid with the postage, secures compensation in the event of loss or damage up to Rs. 25. Registered letters, value-payable registered letters, registered parcels and value-payable registered parcels may be further insured up to the value of Rs. 500 at branch post offices, and even up to Rs. 2,000 at certain authorised post offices, on payment of certain fees.

Compensation in respect of registered articles sent by foreign post is granted up to 30 rupees.

It should be noted that no compensation will be given

beyond the value of the article lost or damaged, and none will be granted in the case of a registered article containing anything in respect of which insurance is obligatory.

Every article presented for registration must be marked with the word "Registered," and must be handed in through the post office window and not dropped into a letter-box. The addressee must sign a receipt for the article on receiving it, and the sender can obtain an acknowledgment of its safe delivery on filling in a form of acknowledgment to be signed by the addressee, and paying a fee of one anna.

Registration is obligatory on (1) Any parcel exceeding 440 tolas in weight; (2) any insured parcel; (3) any parcel addressed to a place for which a customs declaration is required; (4) an article containing postage of other stamps or labels, or a cheque, bankpost-bill, hundi, bill of exchange, or the like, if the contents are either superscribed on the cover or become known to the post office officials in some way or other. The penalty for non-registration is the payment of a double fee.

Insurance is compulsory on letters or parcels containing coin, bullion, precious stones, jewellery, currency notes, and articles of gold and silver. The penalty for non-insurance is the payment of a fee of one rupee.

Late Fee Letters.—It is well known that there are special times arranged by the post office officials in all towns for the despatch of the mails to various parts of the country and abroad; and, ordinarily, letters posted within half an hour of the arranged time would not be included in that particular batch. On payment, however, of an extra late fee, in addition to the necessary postage, letters may be posted to within fifteen minutes of the actual departure of the mail, and will be forwarded with the rest.

The fee is ordinarily half an anna for unregistered articles other than parcels, and two annas for registered articles of the letter-mail. The extra late fee may be different in the Presidency towns of Calcutta, Madras and Bombay and is then notified locally. Late fee letters may generally be

posted in the letter boxes affixed to the mail trains, except in the Presidency towns.

Value-Payable Articles. The value-payable system has been instituted to meet the requirements of persons who wish to pay for articles sent to them, at the time of the receipt of the articles. Registered and unregistered parcels and registered letters may be sent value-payable provided the value of the postal article does not amount to more than 1,000 rupees and provided such postal articles do not contain coupons or tickets designed for the sale of goods on what is known as the "Snowball System."

Postal articles may be sent value-payable throughout British India and to Ceylon, Portuguese India, Somaliland Protectorate, and the Straits Settlement, but in the case of the last four named the value of the articles must not exceed 600 rupees.

An article may be thus sent from any money order office, and the sender must declare that it is sent in execution of a *bonâ fide* order received by him. The sender must also write on the face of the article the letters "V.P.," the amount of the remittance to himself, and his own name and address.

The following fees are charged by the Post Office for transmitting articles by Value-Payable Post :—

Not exceeding Rs. 5	1 anna
Exceeding Rs. 5, but not exceeding Rs. 10	2 annas
„ Rs. 10 „ „	Rs. 15. 3 „
„ Rs. 15 „ „	Rs. 25. 4 „

and 4 annas for each complete sum of 25 Rs. thereafter.

The amount to be recovered from the addressee will be the sum specified by the sender plus the charge made by the post office, and the amount due to the sender will be forwarded to him by means of a money order.

Book Packets. The inland rate of postage on book packets is $\frac{1}{2}$ anna for 10 tolas and fractions of 10 tolas. A book packet may consist of newspapers, magazines, books, circulars and the like. It must not contain "paper money" of any kind and must not exceed 2 feet in length by 1 foot in width and 1 foot in depth. A book packet must be open

at both ends or placed in an unfastened envelope so that the contents may easily be examined.

The foreign rate of postage on printed papers and business papers, *i.e.*, legal and commercial documents, is $\frac{1}{2}$ anna for every two ounces or part of that weight. The weight generally may not exceed 5 pounds.

Patterns and Samples. Patterns and samples may be sent by inland post for $\frac{1}{2}$ anna per 10 tolas, and by foreign post for $\frac{1}{2}$ anna per two ounces, subject to a minimum charge of one anna. The regulations as to the nature, size, and weight of patterns and samples must be strictly complied with.

Parcels. The inland rates for parcels are 2 annas for each 40 tolas provided the parcel does not exceed 440 tolas in weight. Parcels of 480 tolas in weight cost 3 Rs. to send and 4 annas is added for each additional 40 tolas. All parcels over 440 tolas must be registered, and no parcel may exceed 10 seers (800 tolas).

Regulations are laid down by the Post Office as to the articles a parcel may not consist of, and how certain other articles should be packed. Customs declarations must accompany parcels to Bandarabas, Bushire, Jask, Linga and Mohammera in Persia.

Parcels to be sent by foreign post must be accompanied by a Customs declaration of the value and contents of the parcel. Parcels may be, and must be in certain cases, insured either to cover the whole journey to the destination or to cover the transit in India only.

Parcels for the United Kingdom are divided into two classes (1) those not exceeding 11 lbs. in weight; (2) those exceeding 11 lbs., but not exceeding 50 lbs. in weight. Parcels of the first class are forwarded with the mails either by the sea route via Gibraltar, or by the overland route across Europe at the option of the sender, and the following are the rates of postage for the two routes:—

	Via Gibraltar.		Overland	
	Rs.	As.	Rs.	As.
Not over 3 lbs.		12	1	8
Over 3 lbs, but not over 7 lbs.	1	8	2	4
Over 7 lbs but not over 11 lbs.	2	4	3	0

Parcels exceeding 11 lbs., but not exceeding 50 lbs. are forwarded from India through the P. & O.S.N. Co., and are charged at the rate of 8 annas for each pound.

TIME TAKEN BY THE POST TO REACH CERTAIN PLACES ABROAD
FROM BOMBAY AND CALCUTTA

The following table gives the approximate times taken by the post to certain places, which are extracted from a long list in the Post Office Guide :—

Name of Place.	Days.	Name of Place.	Days.	Name of Place.	Days.
<i>From Bombay</i>		<i>From Bombay</i>		<i>From Bombay</i>	
to—		to—		to—	
Aden	5	Hamburg	16	Suez	9
Alexandria	11	Jamaica	35	Teheran	25
Algiers	17	Jask	4	Valparaiso	59
Amsterdam	16	Linga	7	Vienna	15
Antwerp	16	Lisbon	19	Zanzibar (by	
Athens	14	London	15	direct	
Bagdad	13	Lorenzo Mar-		steamer)	18
Baku	12	ques [Dela-		Ditto (via	
Bandarabas	5	goa Bay] (via		Aden)	19-21
Barbados	30	Aden)	22		
Barcelona	17	Madrid	18	<i>From Calcutta</i>	
Berlin	16	Malta	16	to—	
Bermuda	30	Marseilles	15	Bangkok	14
Berne	15	Mecca	23	Cape Town	30
Bremen	16	Mohammerah	6	Colombo	5
Brindisi	13	Monte Video	41	Delagoa Bay	23
Brussels	16	New York	26	Durban	26
Buenos-Ayres	42	Oporto	18	Hong-Kong	17
Bushire	5	Ottawa	27	London	17
Busrah	7	Panama	38	Mauritius	16
Cadiz	21	Paris	14	Penang (by	
Cairo	11	Quebec	27	direct steamer)	7
Chicago	27	Rio de Janeiro	40	Ditto (via	
Christiania	17	St. Helena	36	Rangoon)	9
Constantinople	18	St. Petersburg	18	Shanghai	21
Copenhagen	16	San Francisco	30	Singapore (by	
Dublin	16	Seychelles (via		direct steamer)	10
Edinburgh	16	Aden)	11-17	Ditto (via	
Gibraltar	19	Shiraz	14	Rangoon)	12
Glasgow	16	Stockholm	17	Yokohama	26

Money. Payment may be made through the Post Office by means of (1) Money Orders ; (2) Postal Orders ; (3) Telegraph Money Orders ; (4) Registered Letters. The transmission of money by means of the last named has already been explained.

Money Orders. A money order may be obtained at most post offices, but the amount to be transmitted by a single order must not exceed Rs. 600. Money orders may be issued on the States of Chamba, Gwalior, Jhind, Nabha, and Patiala, with which special arrangements have been made for the exchange of orders. A money order may be obtained on filling in the prescribed form and paying in the amount for which he requires an order, together with the sum charged for commission. The order is then forwarded by the payer to the payee (the person to whom it is to be paid) who will receive payment of the amount on giving satisfactory evidence at the paying post office that he is the person named on the order. Payment can be stopped by the remitter by writing to the issuing post office or by telegraphing to the paying post office.

The commission rates may be ascertained from any postal guide and are in general 1 anna for each sum of Rs. 5.

Telegraphic Inland Money Orders. Telegraphic Inland Money Orders may be obtained from any post office which is also a money order office. The regulations governing the issue of these are similar in every way to those governing the issue of Inland Money Orders, but the words "By Telegraph Ordinary" or "By Telegraph Express" must be added to the Inland Money Order when it is filled in. The cost of the telegram, together with the commission, must be paid by the applicant for the order.

Foreign Money Orders. Rupee Money Orders and Sterling Money Orders can be exchanged with most countries, of which a list is given in the Post Office Directory. With the exception of money orders for Ceylon, Portuguese India and certain Native States, special forms must be procured from the Post Office. In the case of these excepted countries, ordinary Inland Money Orders may be used. The rates of commission in the case of Rupee Money Orders are the same as for Inland

Money Orders. In the case of Sterling Money Orders they are as follows :—

On any sum not exceeding £1	.. ..	3 annas
„ „ „ exceeding £1, but not exceeding £2	£2	5 „
„ „ „ „ £2	£3	8 „
„ „ „ „ £3	£4	10 „
„ „ „ „ £4	£5	12 „

Money Orders for payment in the United Kingdom must be crossed for payment through a bank, by writing across the money order form the name of the bank at which payment is to be made, or two parallel lines with the words “ & Co.” between them, thus— & Co.

British Postal Orders. These may be obtained at any post office where there is a large domiciled European community, and are payable in the United Kingdom and most of the possessions of the British Empire.

The charges are as follows :—

<i>Amount of Order.</i>	<i>British Poundage.</i>
6d., 1s., 1s. 6d., 2s., 2s. 6d.	$\frac{1}{2}$ anna
3s., 3s. 6d., 4s., 4s. 6d., 5s., 5s. 6d., 6s., 6s. 6d., 7s., 7s. 6d., 8s., 8s. 6d., 9s., 9s. 6d., 10s., 10s. 6d., 11s., 11s. 6d., 12s., 12s. 6d., 13s., 13s. 6d., 14s., 14s. 6d., 15s.	1 „
15s. 6d., 16s., 16s. 6d., 17s., 17s. 6d., 18s., 18s. 6d., 19s., 19s. 6d., 20s., 21s.	
	1½ annas

The purchaser of the British Postal Order must fill in the name of the payee and the name of the post office at which it is to be paid.

The reader is recommended to obtain the **Post Office Guide**, which is issued quarterly, price 4 as., and which contains a mass of postal information of great use to the business man.

It may be added that in business the vast majority of accounts are paid by means of cheques or bills of exchange, and not by money orders, etc.

QUESTIONS ON CHAPTER IV

1. State the meaning of the term *Inland Letters*, and give the rate of postage on these.
2. Name the chief regulations with regard to *Post Cards*.

3. What are the rates of postage on *Foreign Letters* and *Foreign Post Cards*?
4. Explain the class of letters which should be *Registered*, and name the principal regulations with regard to these, and the amount of fees charged.
5. What is the limit of compensation paid in the case of loss of letters containing *Coin*?
6. What are included under the term *Paper Money*?
7. State what you know about *Late Fee Letters*.
8. Explain the various means which may be adopted for the *Express Delivery* of letters.
9. Give four specimens of addressing *Railway Letters*, and explain how such letters are dealt with.
10. Under what circumstances may inland letters be *Re-directed* and *Re-posted*?
11. State the rates of postage for (1) *Letters*; (2) *Newspapers*; (3) *Patterns and Samples*; and *Commercial Papers*.
12. Say what you know about the *Parcel Post* service.
13. What class of articles are *not allowed to be sent by Post*?
14. Explain the various means by which *Money may be sent through the Post*.
15. Describe the *Value Payable System*.
16. What is the maximum amount for which an *Inland Money Order* will be issued?

CHAPTER V

THE TELEGRAPH AND TELEPHONE

ALTHOUGH many experiments were made for communicating by means of electricity as early as 1729, very little in the way of practical result was accomplished until 1837, when an electric needle telegraph was invented and applied on a line on the Blackwall Railway in England. The system rapidly developed, and in 1868 the Government took over the whole of the telegraphs in the United Kingdom, and claimed the monopoly of transmitting telegraphic messages in return for payment received. Submarine telegraph cables were laid between various places, and in 1865-6 the first cable was laid across the Atlantic. There are now few countries in the world which are not in telegraphic communication with one another.

It may be added that the Marconi system of wireless telegraphy, introduced in 1898, has already revolutionised the original methods of communication by electricity.

Telegraph Cables measuring, it is said, considerably more than one hundred thousand miles, are now laid, and convey across deep seas and round the world millions of messages annually. It has been authoritatively stated that the great mass of the cotton business between Manchester and India is done by cable, and that some firms in that city spend as much as £50,000 a year in telegraphing.

At least eleven ocean cables stretch across the North Atlantic Ocean; yet they are not capable of doing the ever-increasing business between the Old World and the New; and other lines are being laid. Each of these cables is about three thousand miles long, and is of a one wire conductor, consisting of four or six wires wound round a central one and all acting as a single conductor. These conducting wires are insulated, or separated from other substances capable of conducting electricity, by several layers of gutta-percha. For protection from water and force the whole is surrounded by an armour, made of several strands of iron wire enclosed in manilla hemp. Most of the cables are about an inch in diameter.

Several of the Atlantic cables are laid from Valentia Island to Newfoundland; but the Direct United States Cable is laid from the West of Ireland to Nova Scotia and Boston.

The French cable of 1869 was laid from Brest to St. Pierre, a small island off the south coast of Newfoundland, and from thence it communicates with the mainland of North America.

The longest cable crossing the Atlantic is that laid from Lisbon to Pernambuco, a distance of more than three thousand three hundred miles.

The scattered members of the British Empire are connected by submarine cables and other means of telegraphic communication, many of which, unfortunately, pass through the territories of foreign powers.

The cable across the Atlantic passes from Valentia Island, Ireland, to Heart's Content, Newfoundland, along the bed of the Atlantic Ocean. Thence it is carried overland, on British

territory, to Cape Ray, at the south-western angle of Newfoundland. This line communicates, by two cables, with Cape Breton Island, and so, overland, with Halifax, Nova Scotia. A submarine telegraph line also connects Halifax with Bermuda.

The British Colonies in the West Indies communicate with England by telegraph lines which pass through Cuba and the United States; and the telegraphic communication between Jamaica and the other West India islands passes through the island of Puerto Rico.

Our telegraphic communications with East and South Africa are by lines stretching from Bombay to Aden and thence by way of Zanzibar and Mozambique to Lorenzo Marques and Durban. From Zanzibar a cable extends to the Seychelles and Mauritius.

The cable for England starts from Bombay and goes via Aden, up the Red Sea and Suez; from there, there is overland communication to Port Said and thence by cable via Malta and Gibraltar up the Mediterranean Sea. Bombay communicates telegraphically with Madras overland; and, thence, a cable is laid on the bed of the ocean to Singapore. From Singapore stretch two long lines of ocean telegraph; one north-east, touching at the French settlements of Saigon for Hong-Kong. The south-easterly arm from Singapore is carried, under the sea, to Batavia, on the island of Java. It passes, overland, the length of that island, and is then carried, by submarine cable, to Port Darwin, Australia. The wires are carried overland across Australia to Adelaide, Melbourne, and Sydney. Two cables, one connecting Melbourne with Tasmania, and the other Sydney with Wellington, New Zealand, are also in existence.

Inland Telegrams, which means telegrams between all parts of British India, are accepted at all post offices and will be forwarded to the nearest telegraph office, if the post office does not include that branch of work. The charge, which must not be less than six annas, must be paid on handing in the telegram and a reply may be also prepaid of an amount

of not less than six annas. Telegrams must be written on the forms supplied by the Post Office, and may be worded in English or a foreign or vernacular language provided that all foreign and vernacular words and figures be written in English characters.

There are two classes of telegrams, Express and Ordinary, for which the charges are as follows :—

Class.	Unit No. of words.	Unit rate.	Each addi- tional word.
Express	12	R a. 1 0	R a. 2
Ordinary	12	0 6	0 $\frac{1}{2}$

Express telegrams always take precedence over Ordinary telegrams, and an Express is always sent as soon as possible, without waiting its turn if there are a number of telegrams waiting to be despatched. In the case of an inland telegram to be delivered to a person living in a place where there is no telegraph office, the telegram is sent to the nearest telegraph office and then handed over to the post office, which will transmit the telegram by post, free of charge. Such telegrams should be addressed thus :—

To—*Babu Ram Gupta,*
Tanadar,
Post Kotgarh.

Kotgarh is the nearest Telegraph Office to Tanadar.

Telegrams may be sent to Indian ports to be posted to places in other countries on payment of the inland ordinary telegraphic rates plus the postage necessary, as in the case of an ordinary letter. Thus a telegram on which the ordinary inland charges have been paid plus one anna postage and addressed :—

To—*Mr. H. Jones,*
6 London Street,
Bristol, Port Bombay,

will be telegraphed to Bombay and then forwarded by post from there to Bristol. This system is of advantage when the

English, or other mail, has been missed and it is necessary to communicate with a person abroad, but the communication is not sufficiently important to warrant the payment for transmission by cable.

On payment of an extra charge such telegrams may be telegraphed to Bombay, sent by post to England and then telegraphed to the place of destination, instead of being conveyed by the ordinary English Inland Post.

Foreign and Colonial Telegrams are of two classes, namely, those written in *plain language*; and those written in *secret language*. Secret language includes preconcerted language, or *code*, where each word represents a whole sentence and very similar words may have quite different meanings, and *Cipher Telegrams*, composed wholly, or in part, of figures or of letters which, combined, form no intelligible word.

Foreign Telegrams in Plain Language consist of words, figures, and letters, conveying an intelligible meaning. The length allowed for a *single word* is *fifteen letters*; additional letters being charged at the rate of fifteen to the word. Subject to this rule, compound words and names of persons and places written without break are counted as single words. When joined by a hyphen, separated by an apostrophe or any other sign of punctuation, they are counted as so many separate words.

The *address of the receiver must be paid for*, and must not consist of less than two words, the name of a person and the name of a town or city. The name of the place and country, province, or district, for which a telegram is intended are counted as single words, whatever their length. Addresses of European telegrams should be written in French, or in the language of the country to which the telegram is to be sent.

Foreign Telegrams written in Code are composed of words the context of which has no intelligible meaning. Various codes are published and largely used; many firms with foreign branches have private codes of their own. The object of using a code is, of course, to reduce the cost of telegraphing to the lowest possible minimum. In such telegrams only

TELEGRAPHS.

Inland Telegram.

INDIAN

Office of Origin and Service Instructions.

Words.

Sent at _____

Charge.

M.

Sent at _____

To

Nothing to be written by the Sender above this line.

Stamps cut, torn or defaced are not accepted.

If this telegram is to be classed EXPRESS write the Class here.

If this telegram is on State business the word STATE should be written in this space.

When a reply is to be prepaid, write the words "Reply Paid" and the amount in the space below. These words are not charged for.

Name	
TO - Address	
Place	

NOTICE.
PLEASE
GIVE
A FULL
ADDRESS.

N.B.—The Name and Address of the Sender, IF TO BE TELEGRAPHED, should be written above this line, but separated from the text.

NOT TO BE
TELEGRAPHED.

Signature _____
and _____
Address of Sender _____

The rates for Inland Telegrams are—

	First twelve words.		Each additional word.		Address.
	Rs.	A.	Rs.	A.	
Ordinary	0	6	0	$\frac{1}{2}$	Charged for
Express	1	0	0	2	Ditto.

ADDITIONAL SPACE FOR STAMPS.

The *ACCURACY* of telegrams is not guaranteed: the Sender must accept *ALL RISKS* arising from non-delivery, errors or delays.

Address any complaint regarding this telegram to the Telegraph Check Office, Calcutta, within two months from the date of the telegram, enclosing the receipt.

In addresses consisting of a name prefixed to a Registered or Abbreviated Address, or when a telegram is addressed to one person at the house of another whose name is also given, the words "Care of" or the symbol c/o, should be inserted after the name of the Addressee. There is always risk of a telegram not being delivered if a full and definite address is not given in the first instance.

English, French, German, Italian, Spanish, Portuguese, Dutch, and Latin words are allowed ; but all of these languages may be used in one telegram. Proper names are not allowed in the text of code telegrams except in their natural sense, and words of more than ten letters are not permitted.

The following examples of code words are selected, by permission, from Sell's Telegraphic Code.

Phrase or Sentence.	Code Word.
Abide by instructions already given	abase
Accept but for cash only	acre
Back out, if you can, even at a loss	babe
Bottom prices not yet reached	bemol
Packages were in bad order when received	paca
Particulars by post	pagan
Refuse to carry out arrangement	rajee
Remittance duly received	resin
Samples will be sent by to-night's post	saic
Sell all you can	salvo
Send us by steamer	scray
Telegraph if there is an improvement	tales
Use your own judgment	upupa
Utmost caution must be exercised	urn
Within a few days	wrest
Within the time mentioned	wuchs
You have misunderstood my/our instructions	yank
You have misunderstood the matter entirely	yawl

Some codes are arranged on the principle that each word represents a certain group of figures ; while each figure represents a sentence ; so that very lengthy messages may be conveyed in two or three words. The following is a specimen of a code telegram sent in accordance with this plan, "*Crusader, Manchester*," being the registered telegraphic address of Weaver, Sellers & Co., and "*Diogenes*" the registered address of Watson & Co., Karachi :—" *Crmsader, Manchester, Wheelhouse, Wheeler, Diogenes.*"

The message would be translated as follows :—

Wheelhouse = 50130.

5 = Firm order,

01 = 50 packages,

30 = Shipment in four monthly lots, first by first week in August, and remainder monthly.

Wheeler = 32432.

3 = White Shirtings,

24 = Repeat of Order No. 24, 45 " \times 40 yards,

32 = Offer 8s. 6d. per piece, c.i.f.

In such a code, arrangement would be made so as to indicate whether the offer is in *sterling* or in *currency*.

Foreign Cipher Telegrams are those composed wholly, or in part of figures having a secret meaning. *Every separate figure* is charged as one word, and every *group of five figures* is charged as a word, larger groups being counted at the rate of five figures to a word, adding one word for any excess. *Groups of figures* denoting commercial marks are counted like figures; bars of division, decimal points, and stops, used in numbers, are counted as figures, and so are letters added to figures to form ordinary numbers.

Foreign telegrams should be written very legibly on the special forms provided. Each cable company uses its own special form, which is accepted at any post office.

All telegrams are charged for at the rate of so much per word, and particulars of these rates may be found in the Indian Telegraph Guide obtainable at any Government Telegraph Office.

By the close connection of the telegraphic systems of the world under what is known as the *Telegraphic International Union*, telegrams can be sent to any point where there is a telegraphic office, and with the least possible delay. Every company guarantees the passage of messages without inspection, and does its utmost to secure a rapid and exact transmission.

By writing the message in Roman characters, such as are used in this book, a message may be sent to any country no matter what its language. As the operator gives the letters in the telegraphic form, it matters not whether he understands the meaning of the words or not. The

A.F.

Class }
Prefix }

Code

INDIAN



TELEGRAPHS.

Foreign Telegram. For Instructions see back.

Office of Origin, Route and Service Instructions.

Words.

H. M.

Sent at

To

Charge.

Rs. A.

By

Nothing to be written by the Sender above this line.

Special Instructions by Sender about
"Route," "Reply Paid," etc.

TO

No.

Space for Postage Stamps.

The Stamps must be affixed by the Sender and must not overlap. Any Stamp for which there is not room here should be affixed at the back of this Form.

Stamps cut, torn or defaced are not accepted. Rates per word to Europe (excluding Russia and Turkey).

Via Eastern or Indo Rs. 1 8 0
Via Turkey " 1 0 0

N.B.—The Name and Address of the Sender, IF TO BE TELEGRAPHED, should be written above this line, but separated from the text. I certify that the words in this telegram comply with the requirements of the telegraph rules quoted overhead.

Signature and Address }
or Designation of Sender. } (*Not to be telegraphed*)

Persons entitled to send Foreign Telegrams on State or Government service must write the word GOVERNMENT or abbreviated, GOVT., before their signatures.

CONDITIONS ON WHICH THIS TELEGRAM IS ACCEPTED.

1.—Either the Director-General or any Telegraph Company or Foreign Government, by whom this Telegram is or would in the ordinary course of the Telegraphic Service be forwarded, may decline to forward the Telegram although it has been received for that purpose; but in such case the amount paid for transmission shall be refunded to the Sender at his request.

2.—Neither the Director-General nor any Telegraph Company or Foreign Government, by whom this Telegram is or would in the ordinary course of the Telegraphic Service be forwarded, shall be liable to make compensation for any loss, injury, or damage arising or resulting from non-transmission, or non-delivery of the Telegram, or delay, or error, or omission in the transmission or delivery thereof, through whatever cause such non-transmission, non-delivery, delay, error, or omission shall have occurred.

3.—This Telegram shall be forwarded in all respects in accordance with the rules for Foreign Telegrams published in the *Indian Telegraph Guide*. Extract from the rules in the *Indian Telegraph Guide* relating to the language to be used in Foreign Telegrams.

Plain language is that which offers an intelligible sense in one or more of the languages authorised for International telegraphic correspondence, but the presence of commercial marks, code addresses, exchange quotations, letters representing the signals of the International Code of Signals employed in maritime telegrams, of abbreviated expressions currently used in ordinary or commercial correspondence, such as, *resp*, *fol*, *cf*, *cafi*, *syd*, *c/o*, *h/l*, or any other analogous expression, the meaning of which is understood in the country of origin, does not alter the character of a telegram in plain language. Combinations or alterations of words contrary to the usage of the language employed are not admitted. The following are the languages authorised for Foreign telegrams in plain language:—*Annantele*, Arabic, Armenian, Bohemian, Bulgarian, Croatian, Danish, Dutch, English, Finnish, French, German, Greek, Hebrew, Hungarian, Illyrian, Italian, Japanese, Latin, Malay, Norwegian, Persian, Polish, Portuguese, Roumanian, Russian, Ruthenian, Servian, Slavonic, Spanish, Swedish and Turkish. Telegrams from India to Ceylon and *vice versa* may be in the vernacular languages of India or Ceylon, or in any of the above languages.

Code language is that which is composed of words which do not form intelligible phrases, but the words, whether genuine or artificial, must not contain more than ten letters, and must be formed of syllables capable of pronunciation according to the current usage of one of the following languages:—English, French, German, Italian, Dutch, Spanish, Portuguese or Latin. Artificial words must not contain the accented letters *a*, *a°*, *e*, *h*, *o*, *u*. Compounds of two or more words in plain language, contrary to the usage of the language, are on no account admitted; the same applies to combinations or alterations sought to be concealed by reversing the order of letters or syllables.

Cipher language is that which is composed either of letters or Arabic figures having a secret meaning, but the employment in one group of figures and of letters having a secret meaning is not admitted. It is desirable to avoid the use of letter cipher, as far as possible, as it is less easy to transmit than pronounceable groups of letters, and is, therefore, more liable to error. In cases where it is necessary to employ letter cipher it should be arranged in groups of five letters in order to facilitate transmission.

NOTE.—In addresses consisting of a name prefixed to a REGISTERED or ABBREVIATED ADDRESS the word "GHEZ" (*th*) or "Care of" or "C/o" or some equivalent expression must appear.

NOTICE.

All inquiries respecting this telegram should be addressed to the ASSISTANT ACCOUNTANT-GENERAL, CHECK OFFICE, INDIAN TELEGRAPH DEPARTMENT, CALCUTTA, within five months of its date, accompanied by the Receipt.

message always remains in the language in which it was written.

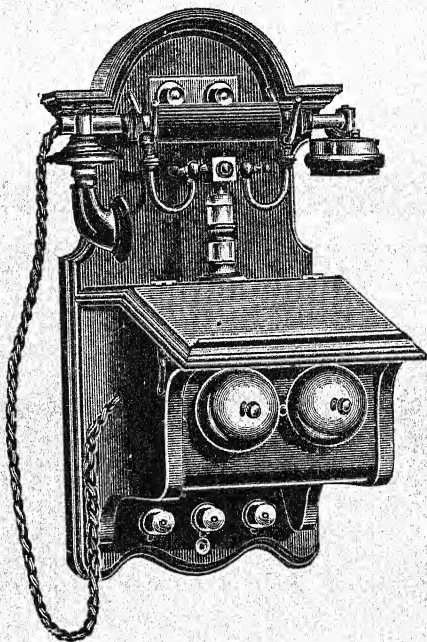
Cablegrams. For telegrams sent to Europe by means of the Submarine Cables, there are two classes, viz., Ordinary and Deferred. For Ordinary telegrams R. 1/8 is charged for each word and the telegrams are despatched as soon as possible. For Deferred telegrams 12 annas per word is charged and they are sent as soon as possible, only being delayed on account of pressure of work on the Telegraph lines ; but they are never delayed more than 24 hours.

The Telephone was invented in 1877, and is now in almost universal use among business men. By this wonderful instrument we are enabled to speak to a person at a distance. The telephone consists of three parts, the *transmitter*, the *wire*, and the *receiver*. In the upper part of the machine are the electric bells, which ring when a person turns the handle and generates a current of electricity. Not only do these bells ring, but similar ones at the distant office call up the person who is needed. The person who wishes to talk with the distant friend then takes from the hook the receiver and places it to his ear. When the weight is removed from the hook, it rises a little, throwing the receiver and transmitter into circuit and the bells out of circuit.

The distant friend having placed the receiver to his ear, calls, "Are you there?" "Yes, who is that?" will perhaps, be the reply; and then the conversation goes on. When the friend speaks before the transmitter he causes a disc to vibrate; the vibrations of the disc near the speaker are reproduced by currents of electricity in the receiver held to the ear of the other person, and these vibrations are converted into sounds.

Telephone exchanges have been organised, and here the operators are continually engaged in putting subscribers into communication with each other. Suppose, for example, subscriber No. 962 central wishes to speak to the subscriber whose number is 864 central, he takes the receiver off the hook on which it hangs when the instrument is not in use. This

causes the indicator at the Exchange to drop, thus calling the attention of the operator who asks "What number, please?" The reply is given "864 central, please." The operator at the Exchange then rings up number 864, and on his coming



A TELEPHONE

to the telephone the two wires are connected and the conversation can commence. When the subscribers have finished talking they simply replace the receiver on the hook, this being the signal for the attendant at the exchange to disconnect the wires.

An illustration of a wall telephone appears above. There is another form of instrument which may be placed on a table or desk.

Telephone Call Offices are established in most large towns, and are available for use by non-subscribers to the Telephone Company on payment of a small fee.

Telephone Message Forms are used in most large business houses for the purpose of keeping a record of the messages received and delivered. The person answering or sending a telephone message writes on one of the forms the date, the time, the number of the message, from or to whom it was sent, and the reply. The message form is then carefully filed for further reference if such should be necessary.

Records of Telegrams also should always be kept, as a message may have to be quoted or referred to again. A telegram should always be confirmed by letter, or a facsimile copy of the wire should be sent. This leads us to notice the "*Triplicate Telegrams Book*" by means of which the original telegram and two copies of it are made at one writing.

The *first leaf* of such a book consists of an ordinary *telegraph form*; the *second* is the *confirmation of the telegram* and the *third* remains in the book for *reference*. These three are all numbered 1. Then follow three precisely similar forms numbered 2, and so on to the end of the book.

To use the Triplicate Telegrams Book place a sheet of two-sided carbonic paper between the confirmation form and the blank, or third leaf. Also place a sheet of cardboard under the blank leaf. Write with a moderately hard pencil and with fair pressure upon the telegram form, when you will obtain three copies.

The first on the telegram form is to be torn out and sent to the post office; the second, or "confirmation," is to be sent by post to the correspondent; and the third remains in the book, or is filed as a letter for reference.

In writing a telegram, it is, of course, desirable to save unnecessary expense by using as few words as possible; and, as these few words should express the meaning intended

beyond the possibility of a doubt, they should be carefully selected. The ability to condense a message into the fewest words compatible with clearness grows upon one by practice, and the beginner should exercise himself frequently until he acquires the requisite skill in condensation. To begin with, the best plan is to write a rough draft of a telegram in the words of an ordinary letter, and then to omit all words which will not change the meaning of the message. For example :—

" I have this morning received a Case of Hats, consigned by you on the 5th inst., but none of the goods correspond with the invoice. You have evidently sent me the wrong case. Please wire me when I may expect the correct goods according to my order, as they are urgently wanted," might be condensed into a telegram thus : *" Style, London. Wrong case received. Wire when to expect correct goods. Fitton."*

The **Postage Account Book** is the book in which is noted the amount expended in stamps for letters, telegrams, etc., and the date and time when these are despatched. There are several varieties of postage books in use, but they are more or less similar to that of which a specimen is given on the next page. The postage book is checked and balanced at frequent intervals, to ensure accuracy and care on the part of the junior clerk in charge of it.

The **Petty Cash Book** is the book in which are kept records of small payments with which it is not worth while troubling the chief cashier. The cashier of the firm hands over to a clerk known as the petty cashier a sum of money sufficient to meet all the minor expenses of the office for a week. At the end of the week a summary of the payments made is handed to the chief cashier, who sees that the Petty Cash Book is properly checked and balanced, and then passes to the petty cashier a sum of money sufficient to bring the petty cash up to the amount at which it stood at the beginning of the week. This is known as the "Imprest" system. A specimen page of such a book will be found on 62.

POSTAGE ACCOUNT BOOK

Stamps or Cash.	Date.	Address.	Time of Posting.	Posted by.	Postage.
<i>Rs. as. ps.</i>	19..				<i>Rs. as. ps.</i>
3 13 6	Jan. 1	Jackson & Co., Calcutta	5.30 p.m.	A. B.	2 6
	" "	Barr & Bolt, London	"	"	1 6
	" "	Cutler & Co., Poona	"	"	1 0
	" "	Cotton & Sons, Bombay	"	"	3 0
	" "	Lock & Co., B'ham	"	"	1 0
	" 2	Plough & Sons, Colombo	11.30 a.m.	C. D.	1 0
	" "	Veray & Cie, Pauliac	"	"	5 0
	" "	Weber, Köln	"	"	2 6
	" "	Brown Bros., Hong- Kong	5.30 p.m.	A. B. reg.	3 0
	" "	Cabot & Co., Bristol	"	"	1 6
	" "	Scott Bros., Rangoon	"	"	3 6
	" 3	O'Brien & Co., Belfast	11.30 a.m.	C. D.	5 6
	" "	Coal Co., Newcastle	"	"	1 0
	" "	Baker, Bond St., London	"	"	1 0
	" "	Wool & Co., Melbourne	"	"	7 6
	" "	Smithdale, Walsall	"	"	1 6
	" "	Cooper, Burton-on- Trent	5.30 p.m.	A. R.	3 0
		Cash in hand	-		1 0 6
3 13 6					3 13 6

PETTY CASH BOOK

For the week ending February 7th, 19..

DR.

CR.

Date.	Particulars.	Amount Received.	Date.	Particulars.	Amount Paid.
		<i>Rs. as. ps.</i>			<i>Rs. as. ps.</i>
Feb. 2	To Balance fwd.	15 12 0	Feb. 2	By Stamps	15 6
" "	Cash (cheque)	25 0 0		" Telegrams	1 4 6
		<i>Rs.</i> 40 12 0	" 3	" Ink and String	12 0
	<u>Summary.</u>			" Carriage	4 8 0
	Carriage	4 8 0	" 4	" Telegrams	3 7 6
	Postage	1 7 6		" Post Cards	8 0
	Stationery	14 8 0	" 5	" Gratuities	10 0
	Telegrams	12 12 0	" 6	" Stationery	14 8 0
	Wages	5 0 0	" 7	" Wages	5 0 0
	Trade Exs.	1 6 0		" Cablegrams	8 0 0
		39 9 6		" Balance	1 2 6
		1 2 6			
		<i>Rs.</i> 40 12 0			<i>Rs.</i> 40 12 0
Feb. 9	To Balance fwd.	1 2 6			

QUESTIONS ON CHAPTER V

1. What do you understand by *Inland Telegrams*?
2. What is the *rate* charged for *Inland Telegrams*?
3. Explain the combination of the post and telegraph which may be used in sending a telegram.
4. Name and explain the classes into which *Foreign Telegrams* are divided.
5. Write out a specimen of a *Code Telegram*.
6. Explain the method of using the *Telephone*.
7. State the methods of keeping records of *Telegrams* and *Telephone Messages*.

8. Condense the following letter into a telegram of not more than twelve words :—

"We thank you for the order kindly given to our representative yesterday. The goods are not in stock, but we have put them into work and will deliver in the early part of next week."

9. Explain and illustrate the *Postage Account Book* and the *Petty Cash Book*.

CHAPTER VI

BUSINESS LETTER WRITING, ETC.

LETTERS are written in order to carry on, at a distance, a substitute for conversation. When this is borne in mind, one who can converse properly can scarcely fail to write appropriately. For a letter may be familiar or distant, jocular or dignified, according to the relation between the writer and person addressed.

Letters of friendship should be simple and natural. It is the little things, the incidents of everyday life, and the home chat, which make such letters interesting. The *salutation*, or opening words of a private letter, is of course entirely different from the form employed in a business letter. In the one it is more or less cordial according to the relations between the parties ; in the other it is polite, but formal.

Letters of courtesy include invitations, acceptances, acknowledgments, letters of congratulation, of condolence, of introduction and of recommendation.

Public letters embrace communications to newspapers regarding public affairs. Frequently a writer publishes a letter, addressed to some prominent person, criticising his opinions or actions, or putting to him a number of formal questions, with the purpose of receiving a published reply. This is usually called an *open letter*.

Business letters include all correspondence relating to business matters, and these chiefly will be considered here.

Excellence as a business letter writer can only be acquired by careful study and much practice, but the beginner will derive considerable benefit from the perusal of the specimens of actual business letters given in "Pitman's Commercial

Correspondence and Commercial English," which also contains a long chapter of instruction in this necessary art. In this manual the subject can be dealt with only in a general way, while limited space forbids more than a few specimen letters.

The chief characteristics of a good business letter are (1) *absolute accuracy and clearness* as to the facts, figures, or terms referred to; (2) *brevity*, so far as this may be retained along with clearness of meaning; and (3) *courtesy*, which is at all times advisable and always possible, even in a letter which is otherwise disagreeable to the recipient.

The business correspondent, therefore, should make it a rule to see that all quotations, terms of delivery, etc., are carefully checked before a letter is despatched; he should endeavour to acquire, by constant practice, the ability to express himself clearly and concisely; and he should, at the same time, cultivate a courteous tone in both writing and speaking, even when he is most firm in his attitude on any matter of business.

Every one has a perfect right to make his own style of letter writing; and as a rule the more characteristic it is of the writer, the better; but custom has established certain forms and usages for business correspondence which it is generally convenient to follow. Accordingly, a letter is usually divided into parts, thus:—

(1) *The heading*, which is placed in the right-hand top corner, and contains the address of the writer or his firm, followed by the date.

(2) *The Address*, which includes the name and address of the person or firm to whom the letter is written. In a business letter the address is placed at the *beginning* of the letter, just above the salutation; in a private letter it is usually placed at the *end*, on the left side of the last page, slightly below the line containing the signature, whilst in an official letter it is placed on the left-hand side at the foot of the first page.

(3) *The salutation*, or phrase with which the letter commences. The form of the salutation depends upon the degree of intimacy existing between the parties to the correspondence. In business letters the forms commonly adopted are "*Dear Sir*," "*Dear Sirs*," or "*Gentlemen*." Other forms of salutation were given in a previous chapter. The "*Dear Sir*" or "*Gentlemen*" should begin immediately below the first letter of the address, and should be followed by a comma.

(4) *The body of the letter*, that is to say, the part dealing with the subject-matter of the communication. This part should commence on the line below the salutation, the first word being placed under the centre of "*Dear Sir*" or "*Gentlemen*," as in the specimens.

(5) *The complimentary close*, which in business letters is usually "*Yours truly*" or "*Yours faithfully*." The form chosen for the complimentary close depends upon that adopted for the salutation. If one is formal, the other should be equally so; and *vice versa*. The complimentary close follows the body of the letter, and immediately precedes the signature.

(6) *The signature*, which is, perhaps, the most important part of all, since without it all the rest would be of little or no value. In banks and public companies the rules empower certain officers to sign the general correspondence, as the Secretary, Manager, or Accountant; and these officers add their official position when signing, as

Murari Lal,
Manager.

Sher Singh,
Secretary.

In firms, strictly speaking, a partner alone is entitled to sign the name of the firm; but, in most houses of business, certain employees are empowered to sign the name of the firm; and the firm accepts responsibility for all letters and documents so signed. These employees are often empowered to sign by a legal document, called a power of attorney, and it is usual to publish the name of persons so authorised to sign, or to send copies of their signatures to the correspondents of

the firm. These persons are said to sign *per procuracionem*, which means to conduct another person's business, and so to sign on his behalf. The authority may be given only for a specified time, or it may refer only to certain matters of business, as, for instance, the signing of cheques. The authority to sign documents and bind the firm must be given to some responsible person when the principal is away for a considerable time, in order that business may proceed in his absence; and, in the case of public companies, it is given to the manager, or to the secretary and chairman jointly, in order to save the inconvenience of having to secure a number of signatures.

Per procuracionem is contracted as follows:—

per pro. ; *p. pro.* ; or *p.p.*

Thus, for example, when Mr. James Alfred Smith, a partner of the firm of Smith & Co., signs a letter himself, he simply writes *Smith & Co.*; but should one of the employees be empowered to sign the name of the firm he writes:—

p.p. Smith & Co. *per pro. Smith & Co.*
William Barker. or *William Barker.*


A clerk having no special power to bind the firm would write:—

Smith & Co. or *pro. Smith & Co.*
per John Wright. *John Wright.*

A *Letter Reference Number*, similar to the specimen here

given, is printed at the top left-hand corner of the letter paper used by many firms having a large correspondence, in order to facilitate reference to previous communications. In the example given, the letter K indicates that the communication at the top of which it appears was copied in K letter book; while the figures 250 gives the page of the letter book on which the copy will be found.

Where a good many letters pass between correspondents, as, for example, in the case of a firm regularly writing to an agent or representative, it is a common practice to number

<p> In your reply please refer to</p> <p style="text-align: center;">K</p> <p>.....</p> <p style="text-align: center;">250</p>
--

the letters consecutively, both for the sake of easy reference and to lessen the risk of a letter going astray without being promptly missed.

A *logical order* and arrangement of the various points treated should always be observed in a business letter. It is a mistake to refer unnecessarily in the third and fourth paragraphs to a matter which is dealt with in the first paragraph. All that requires to be written about any subject should be written in the same part of the letter, and not scattered here and there throughout the communication.

Excessive paragraphing should be avoided. It is sufficient to commence a fresh paragraph when there is a change in the subject under treatment. In letters between a firm and its agent it is usual to indicate the matter dealt with in each paragraph by writing at the commencement some word or words which act as a sort of *title* to the paragraph. This greatly facilitates reference to any point in the letter, and the method is accordingly growing in favour. A specimen of such a letter is given on page 76, and the reader will readily see the advantages of the plan.

The second and following paragraphs should begin at a point directly under the commencement of the first one, as in a printed page. Care should also be taken to allow a fair margin at the *left-hand side* of the letter, and to commence each line of writing so that the edge of the margin shall be kept straight. The receiver of the letter may desire to use the margin for the insertion of figures, terms, or a few words of direction for a reply.

Spelling and Punctuation must be watched carefully in all commercial documents, as a mistake in either may cause serious inconvenience or even loss. In a case of doubtful spelling the writer should take the trouble of referring to a dictionary rather than run the risk of making a foolish mistake. It is easy to punctuate well-arranged matter; so that the cultivation of order in setting out his ideas will also assist the beginner in acquiring the ability to punctuate properly.

Memorandum Forms, similar to the specimen on the next page, are used in order to save the principal the trouble of signing letters of minor importance. The Memorandum need no signature.

The Routine of getting Matter Printed should be familiar to every business man who has to do, or is likely to have to do, with the compilation of *circulars*, *price lists*, *catalogues*, etc. There are certain terms and signs quite peculiar to the printing trade, and these should be known to every one concerned in the preparation of manuscript and the correction of printers' proofs.

The Preparation of the Manuscript (contracted to *MS.*), or "copy" as it is more frequently called, is, of course, the most important matter. It should be written on one side of the paper only, and the writing should be arranged so as to leave a fairly wide margin at the left side of each sheet for correction, if such should be required. Alterations in the arrangement and wording of the matter are best made before handing the copy to the printer, since corrections and rearrangements after the copy has been set up entail a great deal of trouble to the printer, and additional expense to the person for whom the work is done.

With regard to the setting out and display of the matter in a circular, catalogue, or advertisement, the compiler must, of course, be guided by his knowledge or the requirements of the case and the effect he desires to create in the minds of his readers. Considerable experience is necessary in order to produce the best results, and many firms, therefore, prefer to leave the compilation of their advertisements, etc., in the hands of experts.

The size and cost of a pamphlet, catalogue, etc., can be estimated more easily if the compiler is careful to write about an equal number of words on each page of the copy. *One* line drawn under a word in the copy indicates that the word is to be printed in *italic* type; *two* lines signify that SMALL CAPITALS are to be used; and *three* lines show that LARGE CAPITALS are required. When the copy is given to the

TELEGRAMS—
PITMAN, PUBLISHERS, BATH.

MEMORANDUM

From

SIR ISAAC PITMAN & SONS, LTD.,

Shorthand and General Publishers,

BATH.

London : 1 Amen Corner, E.C.; New York : 2 West 45th Street.

To

Messrs. Hafiz Ghose & Co.,

Bombay.

11th Jan. 19...

Kindly forward goods ordered on the 4th inst. at once.

printer it is set up, and in due course a proof of the matter is forwarded to the compiler for correction. Every detail of the work should be examined, and all errors put right before the proof is finally passed as ready for printing off. It may be necessary to ask for a second proof, or "REVISE," and sometimes in very special work, a third proof is submitted for the author's approval before proceeding with the final printing.

The following example will show clearly the method of correcting printers' proofs.

The Previous Question.¹

² The previous question is an ingenious method of ³ *caps*
⁴ avoiding a ~~vote~~ upon any question that has been ⁵ *9*
⁶ proposed, but its technical name does little to ⁷ *#*
⁸ elucidate its operation ⁹ when there is no de ¹⁰ *s/*
¹¹ bate, ¹² or after a debate is closed, the Speaker ¹³ *H*
¹⁴ ordinarily puts the question as a matter of course, ¹⁵ *l.c.*
¹⁶ without any direction from the House, but, by a ¹⁷ *o d*
¹⁸ for motion the previous question, the Speaker ¹⁹ *i/*
²⁰ act may be intercepted and forbidden. ²¹ *v*
²² The words of this motion are, that the question ²³ *run on/*
²⁴ be now put. ²⁵ Those who wish to avoid the ²⁶ *v*
²⁷ putting of the chief question ~~main question~~ vote ²⁸ *main/*
²⁹ against the previous, or latter, question, and, if ³⁰ *d/*
³¹ it be resolved in the negative, the Speaker is pre ³² *stet/*
³³ vented from putting the main question, as the ³⁴ *t/*
³⁵ may, however, be brought forward again on an ³⁶ *out see*
³⁷ other day; as the negation of the previous ³⁸ *copy/*
³⁹ question merely binds the speaker not to put ⁴⁰ *ld/*
⁴¹ the main question at that time. ⁴² Parliamentary ⁴³ *S/*
⁴⁴ Practice. ⁴⁵ *rom*
⁴⁶ *ital/*

1. Change from lower case (or small) letters to capitals. For small capitals write "sm. caps."
2. Indent, to show beginning of paragraph.
3. The letter "g" is turned upside down; the symbol in the margin, a small curl, means that the letter is to be re-turned.
4. The letter "v" is wrongly printed in italics; the correction "w f" means "wrong fount."
5. A "space" (a piece of lead used to divide words) has been omitted between the words "that" and "has"; the correction is marked by a caret, as shown, and the mark in the margin.
6. A wrong final letter appears in "does"; the pen is drawn through it, and the right letter is written in the margin. The sloping stroke following the "s" is merely a dividing mark, usually placed after each correction, in case any others should follow in the same line.
7. A comma instead of a full stop is printed after the word "operation"; a circle is drawn round it, and the full stop, encircled, is written in the margin, followed by "W" to show that the next word "when," must begin with a capital.
8. A hyphen is omitted after "de" at the end of the line; the error is noted by a caret underneath and a hyphen between two vertical or sloping lines in the margin.
9. There is too much space before the word "or"; the sign employed means that the words should be closed up.
10. "Closed" is wrongly printed with a capital "c"; l.c. is an indication that the letter should be "lower case."
11. A full stop is wrongly inserted after the word "question"; the correction is made by a circle in the margin, followed by the letter "d," signifying "dele," the Latin word for "expunge." The letter should be written as shown, and not the ordinary roman or italic "d," which might in some cases be taken to represent that letter itself and not the word "dele."
12. A semicolon is needed after the word "House."
13. The words "for" and "motion" require transposition, and this is indicated by the line drawn as shown and the letters "trs" (transpose) in the margin.
14. An apostrophe is wanted to mark the possessive case in "Speaker's." The sign under the apostrophe in the margin is used to distinguish it from a comma.
15. There should be no new paragraph, but the words should "run on," without a break.
16. The mark between the words "that" and "the" is caused by a "space" standing up; attention may be called to it in several ways, that shown in the margin being perhaps the simplest.
17. A new paragraph (N.P.) should begin with the word "those."
18. Corners of line slipped.
19. Remove the word "chief" and substitute "main."
20. The words "main question" are to be removed, as shown by the letter "d" for "dele."
21. First portion of parenthesis missing before the word "or."
22. The word "question" has been struck through in mistake. The

dots underneath mean that it is not to be removed, and "stet" in the margin (meaning "let it stand") is only a confirmation of the instruction to the printer. (When words have been wrongly struck out in MS., if dots are placed under them the compositor will understand that they are to be printed.)

23. Bad letter in "resolve." Attention is called to it by a cross.
24. Letter "t" omitted in "putting."
25. Some words have been omitted after "the" at the end of the line. "Out, see copy," is a direction to the printer to refer to the MS. for the missing words, which in the present case are, "House have thus refused to allow it to be put. It."
26. "How ever" to be closed up.
27. Two lines are close together and need to be "leaded" or placed further apart. "Ld" is a contraction for "lead."
28. The words "previous question" should be within quotation marks.
29. Capital instead of small "s."
30. Transpose letters in "ptu."
31. The word "question" to be in roman.
32. "Rule" (or short line) wanted after the word "time."
33. "Parliamentary Practice" to be in italics.

The passage as corrected is as follows:—

THE PREVIOUS QUESTION

The previous question is an ingenious method of avoiding a vote upon any question that has been proposed, but its technical name does little to elucidate its operation. When there is no debate, or after a debate is closed, the Speaker ordinarily puts the question as a matter of course, without any direction from the House; but, by a motion for the previous question, the Speaker's act may be intercepted and forbidden. The words of this motion are, that the question be now put.

Those who wish to avoid the putting of the main question vote against the previous (or latter) question; and, if it be resolved in the negative, the Speaker is prevented from putting the main question, as the House have thus refused to allow it to be put. It may, however, be brought forward again on another day; as the negation of the "previous question" merely binds the Speaker not to put the main question at that time.—*Parliamentary Practice*.

Illustrations in price lists, catalogues, etc., can be produced by various methods. The following are the processes usually employed for the illustration of business circulars, etc.

(1) *Chromo-Lithography*, which is used in the reproduction of the coloured advertisements issued by so many firms.

(2) The *Three Block Process*, by which a painting or

water-colour drawing can be reproduced so as to bear a very close resemblance to the original.

(3) *Line Blocks*, which are used for the reproduction of pen and ink drawings. The drawings are photographed upon a prepared zinc plate. Sketches which are to be reproduced by this method should be drawn larger than the size actually required, and then reduced by the camera.

(4) *Half-tone Blocks*, which are produced by covering a zinc or copper plate with a film which is sensitive to light, and then photographing the picture to be reproduced on to the prepared surface.

(5) *Wood Engraving*. In this method the design to be reproduced is first drawn or photographed upon the perfectly smooth surface of a block of box-wood. The parts between the lines of the design are then cut away with a graver.

Estimates for printing etc., will willingly be submitted by any firm in the trade, and one can easily ascertain which is the best firm in his neighbourhood for printing and illustrating any work he may desire to produce.

An Index to the Catalogues, etc., received by a firm should be arranged in such a manner as to show where the advertisement respecting any speciality in which the firm is interested may be found. Such a record or index may easily be constructed on a plan somewhat similar to that adopted in the case of the Letter Book, only that the letters of the alphabet should be used instead of numbered pages. For instance, a catalogue received from *Messrs. Hardwood & Tree*, illustrating their specialities in *blocks* and *pulleys*, might be indexed in the book set aside for the purpose, as follows :—

Under B *Blocks & Pulleys* *Hardwood & Tree*.
 „ P *Pulleys & Blocks* *Hardwood & Tree*.
 „ H *Hardwood & Tree* *Blocks & Pulleys*.
 „ T *Tree & Hardwood* *Blocks & Pulleys*.

By using an index prepared in this way reference to either any firm or any article is rendered a simple matter.

The following specimen letters are given in order to illustrate the remarks on business correspondence made in the early part of the present chapter.

No. 1

(*Answering an Advertisement.*)

6 Abu Lane,

Calcutta,

17th April, 19..

Messrs.....

C. 38 *Statesman* Office.

Gentlemen,

In reply to your advertisement in to-day's *Statesman*, I beg to offer you my services.

I am nineteen years of age, and have been in my present situation since I left school four years ago. My employers, Messrs. Dolman & Hunt, of Tib Street, are giving up their Calcutta Branch, and I have, therefore, to look out for another place.

I have a good knowledge of Book-keeping and office work generally; am a fairly rapid typist; and can write Pitman's Shorthand at 100 words per minute. I should require Rs. 60 a month to commence.

For testimony as to my character and ability I can refer you to my present employers, and I shall be pleased to furnish further credentials if necessary.

Trusting to hear from you, when I shall be glad to give you any other particulars you may desire,

I am, Gentlemen,

Yours faithfully,

SHER ALI.

No. 2

(*Acknowledgment of Order.*)

86 Sudder Bazar,

Sibpur, 18th April, 19..

Messrs. BOWER & DAVIS,

18 Bell Street, London, E.C.

Dear Sirs,

We are obliged for your esteemed order, No. 2,167, to hand this morning, and, as requested, we will apply for forwarding instructions immediately the goods are ready.

You do not, however, state whether plain or striped grey Turkish Towels are required. Unless we hear from you to the contrary, we purpose sending you the best value we can offer in striped, which we trust will be satisfactory.

With reference to your inquiry *re* order No. 2,056, we have one bale ready, and hope to have the balance in course of a few days.

Yours faithfully,
WEAVER BROTHERS.

No. 3

(Referring to Goods Sent and on Order.)

Fort Street,
Bombay, 6th May, 19..

Messrs. GRADUATE BROS.,
Lal Koti Bazar, Simla.

Dear Sir,

Referring to your letter of yesterday, we have this morning forwarded to you per B.B. & C.I.R. goods train, a parcel containing the following :

Six lamp brackets, six complete brakes (fitted with rubber spoon), the extra long seat pillar for Mr. Vernon, and also the pair of chain adjustments for the same gentleman in exchange for those returned faulty.

You will be pleased to know that all the machines we have on order for you are now in the finishing department, and will be forwarded in the course of a week or so.

Yours truly,
for The Champion Cycle Co.,
WM. KANE.

No. 4

(Inclosing Statement of Account.)

70 Dale Street,
Bombay, 2nd June, 19..

Mr. MOHAMMED ALI,
60 Chandni Chowk, Delhi.

Dear Sir,

We herewith enclose statement of our account against you, amounting to Rs. 77/10/6, which we think you will find correct.

Your idea that we had included in our last invoice several articles which you could not trace, must have arisen through the goods in question having been forwarded to your Meerut branch. This was acting on instructions from your manager there, and evidently he has not yet advised you of their receipt. In future, however, we shall post our invoices to the same branch as the goods are sent, and, if you so desire, will send you a duplicate.

Our Mr. Richards is expected in your district during the coming week, and we trust you will favour us with a cheque and your further esteemed orders, which shall have our careful attention. We may probably be able to offer you a lower price for tinned fruits and we will keep you duly advised.

Faithfully yours,
GRASSMAN & Co.

One Enclosure.

No. 5

(From Agent to Principals.)

Empress Hotel,

Rangoon, 21st July, 19..

Messrs. MORRIS, SHARMAN & SONS, Ltd.,
Bombay.

Gentlemen,

Your favour of yesterday is to hand, and I note that you are forwarding the patterns requisitioned.

FRAME, DRUMMOND & SON.

Please note that the invoices for this firm were not enclosed with your letter. Mr. Frame informs me to-day that the special piece I wired for last Saturday morning is not yet to hand. Kindly inquire.

C. F. STEVENS.

Piece of RB black satin duchesse has not been received yet, and there is no trace of it. It must have been sent to some wrong address. Mr. Stevens is very much disappointed to have no definite news of the 22-inch serges for which he is waiting.

BANCROFT & LEECH.

I will see their buyer and elicit his reason for not calling on you as arranged. With regard to the shot taffetas, you wrote two days ago saying you hoped to send this week; now you write to the contrary, after I had informed these friends that they would have the goods by Saturday or Monday. Try and send on Saturday at latest, or say definitely when you can do so. The piece surah you sent is not very suitable, and they prefer waiting a day or two longer for the taffetas, so please don't disappoint.

Yours faithfully,

S. WILSON.

QUESTIONS ON CHAPTER VI

1. Name and describe the various *kinds* of letters.
2. What are the chief features of a good *business letter*?
3. State the *parts* into which a business letter may be divided.
4. Show (a) how an employee authorised by power of attorney would sign for the firm of *Abdul Raheem & Co.*; (b) how he would sign if *not* so authorised; (c) how *Mr. Abdul Raheem* might sign on behalf of the firm.
5. What is a *Letter Reference Number*, and why is it used?
6. State the use of *Memorandum Forms*.
7. Draw out a *Specimen Memorandum Form*.
8. Say what you know about the *Routine of Getting Matter Printed*.
9. Explain how an *Index to Price Lists*, etc., could be arranged.
10. Write a letter in answer to the following advertisement:—

JUNIOR Clerk, smart and reliable, Wanted, for large firm. Address, stating former experience, salary expected, references, etc., E., 27, at the printers.

CHAPTER VII

OFFICE BOOKS AND BUSINESS FORMS

THE object of this chapter is to describe briefly the principal books used in a merchant's office, and to put before the reader specimens of the most important commercial forms. As far as the *books of accounts* are concerned, these are much the same in every office ; but the *subsidiary books* vary according to the nature of the business. The principles and practice of the art of Book-keeping are very fully set forth in " Pitman's Book-keeping Simplified " (2s. 6d.), to which the reader is referred should he desire to take up the study of the subject.

The Invoice Book or Invoice Guard Book is used for the purpose of keeping a record of the credit purchases by a firm. The amount of each invoice received is either copied into the invoice book, or the invoice itself is folded so that the seller's name may be written on the back, and then pasted into the book, and the amount placed in a column opposite the seller's name. The money column is added up at the end of each month and the amount posted into the Ledger on the *Dr.* (debtor) side of the " Purchases Account."

Where separate or *departmental* accounts are kept of the various classes of goods dealt in by a firm, it is usual to dissect the purchases for the month and debit (charge) each department with the value of the goods bought for it during the month. This dissection may either be left until the end of the month, when it is put into tabulated form after the last invoice, or it may be carried out on each invoice as it is received, by ruling separate analysis columns in the Invoice Book for each department, and transferring the amount from the invoice to the column of the department concerned. Each department is debited at the end of the month with the total amount of its purchases during the month.

The Day Book is the book in which are recorded the particulars of the goods sold on credit by a firm. The total amount

of sales effected during each month is posted to the *Cr.* (credit) side of the "Sales Account" in the Ledger. The sales may be dissected or analysed in the same way as the purchases.

The Cash Book is used for the purpose of recording the amount of cash received and paid by a firm in the course of business. Some cash books are ruled in columns to show also the balance of cash at the bank, the various amounts paid into and withdrawn from the bank, and the discounts allowed to or by the firm.

The Journal is used in some firms in order to record such transactions as may not properly be entered in any other book, and as an intermediary between the Cash Book, Day Book, etc., and the Ledger,

The Bill Book is kept for the purpose of recording the particulars of the bills of exchange granted to or by a firm. The various columns show the amount of each bill, by or to whom it was given, its term (that is, the time mentioned on the document, as, *one month* after date), when due for payment, etc.

The Ledger is the most important book of all, as it contains in a brief form the information which is set out at length in the other books. The Ledger thus shows at a glance how a firm stands with regard to its debtors or creditors. Firms which carry on an extensive trade have special ledgers for their country and town customers, the books being named accordingly. Most firms keep a *private* Ledger also, in which is contained the accounts showing the amounts of capital invested by the principal or principals, the sums they pay into or withdraw from the firm from time to time, and such other accounts of a private nature as it is considered advisable to keep from the knowledge of an ordinary employee of the firm.

The foregoing are the principal books of accounts, but there are many subsidiary books, such as

The Warehouse Book, in which are entered particulars of the goods received and sent out by a firm ;

The Stock Book, which contains an inventory of the goods on hand at the periodical stock-taking;

The Returns Book, in which a record is kept of the goods returned to or by a firm for various reasons;

The Press-Copy Book, into which the invoices sent out by a firm are copied, exactly in the same way as letters are copied in the Letter Book.

In the routine of buying and selling goods and the conduct of business generally, very many documents are used, and it may be well to lay specimens of the more important of these before the reader, and to give a brief description of each. Additional examples of a more advanced character will be found in a subsequent chapter.

An Invoice is a written statement containing details of the quantity, quality, and price of goods sold or consigned, together with the terms of the sale or consignment, and, frequently, the whole of delivery of the packages. There are various kinds of invoices. Thus,

An Inland Invoice refers to goods sold and delivered within the Indian Empire.

An Export Invoice refers to goods sold for delivery abroad, and it must, therefore, contain additional information with regard to the marks, numbers, weights and measurements of the packages, shipping charges, etc.

A Consular Invoice is one which must be used when goods are exported to the United States, Portugal, Chili and certain other South American republics. It is called a Consular Invoice because it has to be declared before the consul representing the country to which the goods are to be carried. The packages containing the goods must bear the words: "Made in India."

A Consignment Invoice is one which is used when goods are shipped to an agent abroad to be sold on commission for the sender. The heading of such an invoice usually runs as follows :—

INVOICE of one case of Cotton Goods.... shipped at Bombay
.... per S.S. "Irwell Castle" to Singapore, and consigned

to *Messrs. Selwell & Co.*, for sales on account and risk of
BARTER BROTHERS.

The following is a specimen of an Export Invoice :—

9 CASTLE STREET,

LONDON, E.C.

INVOICE of 100 *Bottles of Quicksilver*, shipped per....S.S.
" *Rome*," from London to....*Bombay*, by order and for
account of....*Messrs. A. Bennett & Co.* there.

A Bombay	100 Bottles Quicksilver @ 6/-/- p. bottle	£600	0	0
	Disc't. 3 %	18	0	0
		582	0	0
	<i>Charges.</i>			
	Freight @ 2/6 p. bot.			
	and Primage 10 %	£13 15 0		
	Shipping and Dock			
	Charges	3 15 0		
	Entry 2/6 and			
	B/Lading 2/6 ..	5 0		
	Insurance £700 @			
	7/6 % and Policy	2 14 3		
	Postage and Petties	3 6		
	Commission 1 % ..	6 0 0		
		26	12	9
		£608	12	9

E. & O.E.

London, 2nd June, 19..

Evans & Jones.

The following is a common form of Inland Invoice :—

43 MOSLEY STREET,

MADRAS, 1st July, 19..

Messrs. H. Osier & Co., Amritsar.

BOUGHT OF MERCHANT, TAYLOR & SONS.

				Rs.	A.	P.
40	Pieces Printed Cotton, 960 yds. @	as. 6		360	0	0
3	" " " 180 yds. @	" 7		78	12	0
10	" Twilled Cotton, 480 yds. @	" 6		180	0	0
	Per E.I. Rly.					
	Terms as usual.		Rs.	618	12	0

A *Statement* is a document which shows in brief form the amount owing by one firm to another. Most firms require a statement of any accounts owing by them to be sent a few days before their regular pay day. They are thus reminded of the accounts due for payment, and can arrange to have cheques made out and signed ready for the settlement of their accounts. The following is a specimen of such a document :—

A STATEMENT

BOMBAY, 31st Aug., 19..

Messrs. Henderson Bros.

Dr. to W. BATTISON & Co.

					Rs.	A.	P.
Aug.	1	To Goods	..	..	86	10	6
"	4	" "	..	..	50	5	0
					136	15	6
		Cr.					
"	7	By Returns	..	..	10	0	0
				Rs.	126	15	6

An *Account Sales* is an account of the sales of goods effected by an agent on behalf of the owner or consignor of the goods. The documents sets forth the various amounts received for the goods, the charges paid, the agent's commission, and the balance due to the consignor.

Before entering into an adventure, it is usual for merchants and others to have made up a *Pro Forma Account Sales*, that is, an *Account Sales* made up *for form's* sake, in order that they may see what would be the total amount of the charges, freight, commission, etc., on the goods they wish to consign, and so be able to estimate the probable results of the proposed consignment. The accounts are made up in the exact form in which they would appear if the transactions were actually carried out, so that no item of charge, either on purchase or sale, may be lost sight of, the selling price, of course, being reckoned at the current rate of the day. Some merchants, too, when they receive *Indents* or orders to buy certain goods somewhat outside their general line of business, ask for a *Pro Forma Invoice* of the articles they desire to purchase, in order to ascertain the current market price of the goods, the manner and cost of packing, the discount, terms or payment, and the exact net sum the order would amount to, just as if it had been executed.

A specimen of an *Account Sales* is given on page 83.

An *Account Current* is a statement showing the amounts of the business transactions between two parties for a stated period. Interest is generally charged on each sum debited, and allowed on each sum credited, for the number of days from the date of each entry to the date on which the account is made up. The amount representing the balance of the interest columns is debited or credited in the account as the case may be. The balance of the account is then ascertained and placed in the proper column. The example on page 84 will make this explanation clear.

"Interest Tables" are usually kept in commercial houses, and are commonly used in the preparation of an *Account*

AN ACCOUNT SALES

Account Sales of 200 bales Jute, ex S. S. "Lady Elizabeth"
at Cape Town, sold by James Roberts & Co., for Messrs Sunder Lal
and Sons, of Calcutta.

KX.					
W.					
1/200	200 bales Jute, @ Rs. 30 each				6000 0 0
	Less Charges:-				
	Freight.....	200	0	0	
	Sale Expenses.....	4	8	0	
	Warehousing, etc.,.....	5	0	0	
	Cablegrams and Stamps.....	10	6	6	
	Brokerage, $1\frac{1}{2}\%$	75	0	0	
	Commission, $2\frac{1}{2}\%$	150	0	0	
					444 14 6
					Rs. 5555 1 6

Net proceeds

E. & O.E. Dec 31st, 19...

James Roberts & Co

Account Current

Dr. *Messrs. Dinshaw and Co., in account with SUNDER LAL & SONS.* Cr.

	Days.	Interest 5 per cent.		Days.		Interest 5 per cent.		Days.		P.
		Rs.	P.			Rs.	P.			
19.. Jan.	30	Rs. 4	10	19.. Jan.	6	Rs. 73	0	25	Rs. 730	0
" "	"	"	"	"	16	"	"	"	"	0
" "	25	12	0	"	"	219	0	"	"	0
" "	20	0	0	"	21	365	0	15	187	8
" "	15	14	5	"	31	438	0	10	292	0
" "	"	"	"	"	"	"	"	"	100	0
" "	10	3	2	"	"	146	0	"	442	11
" "	5	5	7	"	"	511	0	"	"	7
" "	Rs.	3	8	"	"	1752	3	Rs.	1752	3
" "	"	"	"	"	"	442	11	"	"	7
" "	31	To Balance b/d	"	Bo m b a y, 31st January, 19..						
		E. & O.E.		SUNDER LAL & SONS.						

Account Current (Continental Method)

Dr. *Messrs. Dinshaw and Co., in account with SUNDER LAL AND SONS.* Cr.

	Days.	Numbers or Product.		Days.		Numbers or Product.		Days.		P.
		Rs.	P.			Rs.	P.			
19.. Jan.	30	2190	73	19.. Jan.	6	18250	25	25	Rs. 730	0
" "	"	"	"	"	16	2812	15	15	187	8
" "	25	5475	219	"	21	2920	10	10	292	0
" "	20	7300	368	"	31	1568	"	"	100	0
" "	15	6570	438	"	"	"	"	"	442	11
" "	10	1460	146	"	"	"	"	"	"	7
" "	5	2555	511	"	"	"	"	"	"	7
" "	Rs.	25550	1752	"	"	25550	Rs.	1752	3	7
" "	31	To Balance	"							
		Inv., "Star"	"							
		" Inv., "Star"	"							
		" Draft due	"							
		" Cash	"							
		" Ocean Marine	"							
		" Inv., "Irene"	"							
		" Interest	"							

NOTE.—To cast, multiply the balance of numbers by the rate per cent. (in this case 5), and divide by 365, or for Continent, 360—

73)1568(215
146
108
73
35

865
73

Current. Nevertheless, it is well to have a knowledge of the method of calculating interest, and the following simple rules are given accordingly. They will be found sufficiently correct for business purposes.

For months. *Find the product of the principal, rate of interest, and number of months ; then divide this by 1,200.*

For days. *Find the product of the principal, twice the rate per cent. and the number of days ; then divide it by 73,000.*

Example :—

Find the interest on Rs. 500 at 3 per cent. for 7 months and 15 days.

$$\text{Interest for 7 months} = \frac{500 \times 3 \times 7}{1200} = \frac{1050}{4} = \text{Rs. } 8 \text{ } 12 \text{ } 0$$

$$\text{Interest for 15 days} = \frac{500 \times 3 \times 15}{73000} = \frac{2250}{73} = \text{Rs. } 9 \text{ } 6 \text{ } 0$$

Discounts are calculated in the same manner, but are deducted instead of being added.

A **Certificate of Origin** is a document or form of declaration setting forth the place of origin, growth, or manufacture, of goods which are being exported to Italy, Spain or any other country that requires such a certificate. Each country has its own special forms, and they must be signed by the Consul representing the country to which the goods are being shipped, or by the Secretary of the local Chamber of Commerce here, or in some instances, by the Custom House authorities, according to the requirements of the country concerned. The governments which insist upon these certificates charge varying rates of *import duty* to different countries, and the object of the declaration is to ascertain the amount of duty to be imposed in each case.

Example of a Certificate of Origin for Spain.

Name of Exporter.....

CERTIFICATE OF ORIGIN.

I do hereby declare that the
within mentioned goods
have been entered for ship-
ment

per.....

Master.....

for.....

and have been duly declared
to by the Exporter as being
of British origin or manu-
facture.

CERTIFICADO DE ORIGEN.

Yo, el infrascrito, certifico que
las mercancías que en este
certificado se expresan, han
sido despachadas en esta
aduana para su embarque

en el vapor.....

su Capitan.....

para.....

y el exportador ha debida-
mente declarada que son
de origen ò fabricacion
Británica.

Marks and Numbers.	Packages	Description of Goods.	Gross Weight.	Marcas y Números.	Bultos.	Clase de Mercancías.	Peso Bruto Kilos.

Signature of Exporter.....

Given under my hand at
the Custom House,
Port of.....
this.....day of....., 19...

FIRMADO por mi en la
Aduana, Puerto de
.....
el.....de....., 19...

COLLECTOR OF CUSTOMS
ADMINISTRADOR DE ADUANAS

Receipts for money are of various forms, but in all cases where the sum received is Rs. 15 or more, the document must bear a one anna stamp which is *cancelled* by writing either the date or the receiver's name across the face of the stamp. Failure to comply with this condition renders the receiver liable to a penalty of £10. A banker, however, need not stamp the receipts given by him for money received on deposit, nor is it necessary that certain receipts given by government officials should be stamped. But these are quite exceptional cases, and all ordinary business receipts for any amount above the specified sum are liable to stamp duty.

A receipt should show whether the amount paid was in full settlement of the debt or only a part payment. In the latter case the words "On Account" should be added. Care should be taken also to state whether the amount was received in *cash* (which includes bank notes), or by *cheque*.

Many firms prefer to have their receipts written on the actual invoice or statement, in which case one or other of the following forms is used :—

Received by cash

£ 50. 10. 6
16th July 19..
D. Lighter & Co.
per G. Rumble

or

Received by cheque

£ 50. 10. 6
16th July 19..
per pro D. Lighter & Co.
G. Rumble.

Other firms use a form of cheque which serves the purpose of a receipt as well. In these cases, the form of receipt printed on the cheque must be signed before the cheque will be paid by the bank, so that no other receipt for the account is necessary.

On the other hand, many firms insist upon a separate receipt for the amount they pay in discharge of any debt, and they provide themselves with special printed forms for the purpose. These forms are contained in a book somewhat

like a cheque book. They have a counterfoil for convenience of reference, and being perforated they are easily detached from the book in which they are bound together. The following is a specimen of such a form:—

No. **345**

Lahore, 15th July, 19..

Received from JAMES BROWN & Co

by cheque.....the sum of
Rs. Six thousand, annas ten
only, in settlement of account
to 30th June 19..

Rs. 6000.10.0

F. E. Sibble & Co
per J. Waters

The following is a form of letter commonly sent with a remittance:—

*8 Colmore Row,
 Singapore, 1st May, 19..*

Messrs. HARRIS & JONES,
 95 Hilton Street, Bombay.

Gentlemen,

We have the pleasure to enclose herewith Cheque for Rs. 600, in discharge of your account. Kindly acknowledge in due course.

Yours faithfully,

Enclosure.

LANE, CHAMBERS & Co.

Price Lists are issued at frequent intervals by some firms and forwarded to inquirers and those who are likely to become customers. The terms and prices named on a *Price List* usually remain fixed until the issue of a later list. In this respect a *Price List* differs from a *Price Current*, which merely gives the present or current prices, and is subject to change from day to day.

Order Forms are used by the majority of business houses. The forms differ according to the particular business of the

firm ordering, but they are all more or less similar to the following specimen:—

ORDER No. 348.							
<i>From</i> MADRAS BOOKSELLING CO., 57 Blank Street, MADRAS.	25th March, 19.. <i>To Sir I. Pitman & Sons, Ltd.,</i> 1 Amen Corner, London, E.C.						
<p><i>Below we beg to hand you an order to be executed in strict conformity with the particulars given, any deviation from which will be at your own risk, unless referred to and authorised by us.</i></p> <hr/> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">6 Dozen</td> <td>" Business Man's Guide."</td> </tr> <tr> <td style="text-align: right;">3 "</td> <td>" Advanced Book-keeping."</td> </tr> <tr> <td style="text-align: right;">3 "</td> <td>" Pitman's Commercial Law."</td> </tr> </table> <p>The goods to be delivered by the 28th prox. Madras Bookselling Co.</p>		6 Dozen	" Business Man's Guide."	3 "	" Advanced Book-keeping."	3 "	" Pitman's Commercial Law."
6 Dozen	" Business Man's Guide."						
3 "	" Advanced Book-keeping."						
3 "	" Pitman's Commercial Law."						

A *Delivery Order* is an order from the owner of goods lying at a warehouse, dock, or wharf, requesting the superintendent to deliver either the whole or a portion of the goods to the bearer of the order, or to the person named thereon by endorsement. A delivery order is a *negotiable instrument*, that is to say, it may be transferred from one person to another by endorsement, the transferee being deemed the owner of the property named in the document.

No. 859.		Karachi, 4th May, 19..
To the Superintendent - <i>Victoria Docks</i>		
Please deliver to Messrs. Allen & Grant or to their Order the undermentioned goods, entered by us on 28th April in the ship " <i>Adelaide</i> ."		
Captain Grant from London		
Charges to Messrs. Allen & Grant.		
Mark. G. C.	No. 1/50	50 Bales Cotton Goods.
		Gough & Co.

When a delivery order is made out in the name of a person or "Bearer," it will *not* require endorsement; but if it is made out to "Order" it must be endorsed by the person in whose favour it is drawn, before delivery of the goods can be obtained, or the order transferred to another person.

A *Credit Note* is a note sent to a customer when he has returned goods or empty packages, when he has been overcharged in mistake, or when an allowance is made to him for any other reason. It is usually written in red ink. The following is a specimen of a Credit Note sent in consequence of goods being returned:—

Mr. Murari Lal,				Cawnpore, 23rd Feb., 19..		
Cr. in account with THE CROWN SOAP WORKS.						
7	By Returns :— cwt. Soap	@	rs. 25	R.	A.	P.
				175	0	0

A *Debit Note* is just the opposite to a Credit Note, and is practically the same as an Invoice. For instance, Mr. Murari Lal might have sent an Invoice of the soap he returned, adding the word "*Returned*" to the particulars of the goods, when it would not have been necessary for The Crown Soap Works, to send him a Credit Note.

QUESTIONS ON CHAPTER VII

1. Describe the principal books used in a merchant's office.
2. Define an *Invoice*, and state the various kinds of invoices used in business.
3. Under what circumstances is it usual to ask for a *Pro Forma Invoice*?
4. What is a *Statement*?
5. What is an *Account Sales*, and when is it customary to draw up a *Pro Forma Account Sales*?
6. Say what you know about an *Account Current*.
7. Name the various kinds of *Receipts* for money, and give an example of each.
8. What is the difference between a *Price List* and a *Price Current*?
9. Write out a specimen of an *Order Form* and a *Credit Note*.
10. What is a *Delivery Order*?

A HOME TRADE TRANSACTION

Buyers : Delhi Builders' Association,
Hospital Lane, Delhi.

Sellers : Messrs. Whittaker, Ltd.,
6 Dock Street, Karachi.

SUMMARY

Messrs. Whittaker, Ltd., having enlarged their premises, send out a circular letter to prospective customers, calling attention to the advantages which they can offer in supplying builders' materials, and stating that new catalogues have been prepared, which will be sent on application. The Delhi Builders' Association, on receipt of this letter, write asking that a catalogue should be forwarded to them, and suggest that if the sellers' traveller is likely to be in the neighbourhood, he should call upon them. The catalogue having been posted, the buyers find that their prospective clients would prefer to see certain tiles, and they write asking that samples should be forwarded. These having been sent, an order is placed, and the goods are despatched by rail and duly delivered. The empty case having been returned, the statement of account is rendered at the end of the month, payment being made by cheque, with five per cent. discount deducted. A receipt is sent and the cheque endorsed and paid into the bank for collection.

1. Circular Letter

6 Dock Street,
Karachi.

3rd Jan., 19..

DELHI BUILDERS' ASSOCIATION,
Hospital Lane,
Delhi.

Dear Sirs,

On account of the steady increase in our business, we have recently found it necessary to enlarge our show rooms considerably,

and make extensive additions to our premises, in order that we might be in a position to stock goods adequate to meet all demands.

We believe that our stock is now larger and more comprehensive than that held by any other house in the trade, being replete with every article required in building construction, and we invite our friends to pay us a visit of inspection.

There is an obvious saving in time and expense in being able to order every requisite for any class of erection at one establishment, and this fact will, we feel sure, be appreciated by country customers especially.

We have also got out a new series of catalogues, in five volumes, particulars of which we enclose, and we shall be pleased to forward any of these on receipt of a post card.

Assuring you that your inquiries and orders shall at all times have our most careful attention.

We remain,
Yours faithfully,
WHITTAKER, LTD.

2. Letter Asking for Catalogue

Hospital Lane,
Delhi.

5th January, 19..

Messrs. WHITTAKER, LTD.,
6 Dock Street,
Karachi.

Dear Sirs,

Will you please favour us with a copy of your No. IV illustrated catalogue? If your representative should be visiting this neighbourhood at an early date, we should be glad if he would give us a call.

Yours faithfully,
DELHI BUILDERS' ASSOCIATION.

3. Letter announcing Despatch of Catalogue

6 Dock Street,
Karachi.

6th January, 19..

DELHI BUILDERS' ASSOCIATION,
Hospital Lane,
Delhi.

Dear Sirs,

We thank you for your inquiry of yesterday's date, and have despatched, under separate cover, a copy of our catalogue No. IV, as desired.

We have instructed our representative, Mr. Kidner, to call upon you on his next visit to Delhi, but we regret to find that this will not take place until the second week in February.

If in the meantime you should find it possible to favour us with an order for despatch before that date, we shall be glad to hear from you.

Yours faithfully,
pp. WHITTAKER, LTD.,
WILLIAM WHITTAKER.

4. Letter Requesting Samples

Hospital Lane,
Delhi,

10th January, 19..

MESSRS. WHITTAKER, LTD.,
6 Dock Street,
Karachi.

Dear Sirs,

We are in receipt of your catalogue, for which we are much obliged.

We regret that your representative is not visiting Delhi for some little time, as we are just completing a number of small bungalows for which we require a supply of tiles. Although your catalogue is very profusely illustrated, we have several clients who are not satisfied to order from the book. Can you send us a specimen tile of Nos. 26 to 31 inclusive?

Thanking you in anticipation,

We remain,
Yours faithfully,
DELHI BUILDERS' ASSOCIATION,
per B.M.

5. Samples Forwarded

6 Dock Street,
Karachi,

11th January, 19..

DELHI BUILDERS' ASSOCIATION,
Hospital Lane,
Delhi.

Dear Sirs,

We are forwarding you to-day, by parcel post, the specimen tiles as requested. We trust these will meet with the approval of your clients, and that you will be able to favour us with an order.

Yours faithfully,
For WHITTAKER, LTD.,
WILLIAM WHITTAKER.

6. Order

Hospital Lane,
Delhi,

14th January, 19..

Messrs. WHITTAKER, LTD.,
Karachi.

Dear Sirs,

Will you please forward, at your earliest convenience, per B.B. & C.I. Railway, carriage paid, the goods mentioned below, and oblige,

Yours faithfully,

pp. DELHI BUILDERS' ASSOCIATION,
B. DAY.

12 doz. Hand-painted Tiles, No. R 11, 6" x 6".
6 Imitation Slabs, No. 72, 12" x 6".
12 Floral Panels, No. 64, 30" x 6".
6 Embossed Tile Hearths, No. 156, 48" wide.

7. Invoice

TELEGRAMS :
WHITERANE, KARACHI.
TELEPHONE : 14078.

6 Dock Street,
Karachi,
16th January, 19..

Delhi Builders' Association,
Delhi.

BOUGHT OF WHITTAKER, LTD.,

Manufacturers, Merchants and Shippers of every requisite
for Building Construction.

12	doz. Hand-painted Tiles, No. R 11, 6" x 6", per doz.	Rs. 12	144	0	0			
6	Imitation Slabs, No. 72, 12" x 6", each	Rs. 4/6/-	26	4	0			
12	Floral Panels, No. 64, 30" x 6", per pr.	Rs. 8/3/-	49	2	0			
6	Embossed Tile Hearths, No. 156, 48"	Rs. 36/-	216	0	0			
	1 Case (Returnable)					435	6	0
						4	10	0
	Forwarded per B.B. & C.I. Ry., Carr. Pd.				Rs.	440	0	0

10. Statement

			6 Dock Street,		
			Karachi,		
			1st Feb., 19..		
<i>Delhi Builders' Association,</i>					
<i>Delhi.</i>					
DR. TO WHITTAKER, LTD.					
Jan.	16	To Goods	440	0	0
Jan.	21	Cr. by Returns	4	10	0
			Rs.	435	6 0

11. Letter accompanying Remittance;

Delhi Builders' Association,
Delhi,

13th Feb., 19..

Messrs. WHITTAKER, LTD.,
Karachi.

Dear Sirs,

We have the pleasure to enclose cheque for Rs. 418, which
with discount Rs. 17-6, balances your account to date.
Awaiting your acknowledgment,

We remain,

Yours faithfully,
pp. DELHI BUILDERS' ASSOCIATION,
W. BERRY.

No. A 10,862.
1

Delhi, 13th Feb. 19...

The Universal Banking Company Limited.

Pay Messrs. Whittaker, Ltd. or Order

Four hundred and eighteen rupees only.

Stamp.

Anna

Rs. 418 : 0 : 0 Delhi Builders' Association

THIS DRAFT MUST BE SIGNED ON THE BACK BY THE PARTY TO WHOM IT IS PAYABLE.

CHAPTER VIII

MARKET REPORTS

FOR the purpose of bringing together the parties dealing in its particular commodity, nearly every trade in the country has instituted an *Exchange*—that is, a place where the various merchants, brokers and dealers interested may assemble to transact business. Meetings are usually held at stated times each day, and persons who “go on ‘Change” may generally be found there during the recognised business hours.

Reports appear regularly in the newspapers giving information with regard to the business done at the various exchanges; the prices; the supply and demand; the probability of a rise or fall, etc., and these are the “*Market Reports*” referred to by business men.

The following explanation of terms connected with the Stock Exchange, together with the information given in Chapter I, will enable the reader to understand the commercial pages of his newspaper.

1. *Stockbrokers*. These are the persons who act as *agents* between buyers and sellers. No transaction can be effected on the Exchange except through the broker, as the general public are not allowed in the “House,” as it is called.

2. *Stock Jobbers* are the persons who actually *deal* in stocks and shares. The brokers know exactly in which part of the House they will find jobbers willing to buy or sell, say South African shares, and they proceed at once to that quarter. When a jobber is asked to quote for a security he always names *two* prices, one (the lower figure) at which he is prepared to buy, and the other (the higher figure) at which he is willing to sell. The difference between these two prices is called the “*turn*,” or “*the turn of the market*,” and it is this difference which constitutes the jobber’s profit.

3. *Dealings for Cash*. This means that the securities purchased were paid for at the time the transaction was completed.

4. *Dealings for the Account*. Comparatively speaking, very

little business is transacted on the Stock Exchange for ready cash. It is, therefore, necessary to arrange certain days for settlement of all bargains made. One day in every fortnight is accordingly set aside by the Stock Exchange Committee for this purpose, and dealings which have been left for settlement upon this day are known as dealings *for the Account*.

As a matter of fact, the settlement occupies three days. The first day is known as "*Contango Day*" or *continuation day*, or *carrying-over day*, because on this day the jobbers arrange either to carry over their bargains to the next account, or to close them at once by delivery of the stock if they have sold, or by payment for it if they have bought. The second day is "*Ticket Day*" or "*Name Day*," because on this day tickets with the names of buyers and sellers pass between the brokers and jobbers. The third day is "*Pay Day*," when the accounts between parties must be paid.

5. *Bulls* are speculators who *buy* shares in the hope of selling them again before the next settlement at a higher price than they paid for them.

6. *Bears* are speculators who sell shares in the hope that the price at the settlement will be lower than the price at which they sold them. The operations of these two classes will be better understood when it is remembered that, as a rule, stock is not delivered at the time it is sold, nor paid for at the time it is bought.

When a *bull* arranges to "carry-over" from one settlement day to another, he has to pay the other party to the bargain a certain interest on the amount in question called "*contango*." When a *bear* arranges to defer the delivery of the shares he has sold until the next settlement, he may have to pay a premium also, but in his case it is called "*backwardation*."

7. *Options*. This term is used to express another way of dealing in stocks and shares. By this method a person pays an agreed percentage for the exercise of the *option* (the choice or right) to buy or sell specified stock at a stated price within a certain time. If the option is for the right to *buy* it is known as a "*Call*"; while the option to *sell* is termed a

"*Put*." When the option is for the right either to buy or to sell, it is called a "*Double Option*," or a "*Put and Call*." "*A Put of More*" or "*A Call of More*" means that the holder of the option has paid for the right to sell or to buy the stated amount and *more* if he so desires.

8. *Stocks and Shares*. It may be well to explain the differences between these. Briefly they are as follows :—Shares when bought need not be fully paid up ; but Stock must be. Again, a Share cannot be divided ; it must be bought entire ; whereas Stock may be transferred in almost any amount.

9. *Debentures and Debentures Stock*. For the purpose of extending their business operations joint stock companies sometimes raise money without adding to their share capital by borrowing at a fixed rate of interest, the loans being either repayable within a specified time, or irredeemable during the existence of the company. The document acknowledging the receipt of the sum borrowed is known as a *Debenture* or *Debenture Bond*. Debentures are transferable like shares. Debentures which are not redeemable by repayment of the amount borrowed are known as *Debenture Stock*.

10. *Preference Shares* are those shares in a Joint Stock Company which give the holder a right to receive a dividend out of the profits before any payment is made to the other shareholders. The amount of the dividend payable on Preference shares is usually fixed when the shares are issued. As possession of these shares confers upon the holder a priority of claim over others, it follows that this class of shares cannot exist alone, but must be issued along with some other kind. It is sometimes arranged that should the profits in any one year be insufficient to pay the Preference shareholders the agreed amount of dividend, the deficiency shall be carried forward for payment in the following or any succeeding year, when it shall be paid, with interest, if so arranged, before any dividend is paid to the other shareholders. When this is the case the Preference shares are said to be *Cumulative*.

11. *Ordinary Shares* are those which confer no special right

or privilege upon the holder. They may be issued alone, though they are not usually so issued.

12. *Deferred Shares* may be described as almost the exact opposite of Preference shares, inasmuch as the holder of Deferred shares has to wait for his portion of the profits until other shareholders have been paid. In other words, the claim is *deferred*; hence the name given to this class of shares.

13. *Founders' or Promoters' Shares* are those which are sometimes allotted as remuneration to the promoters of a company, or as a kind of bonus to subscribers for a large number of shares. Founders' shares are of the nature of Deferred shares, the holders receiving no dividend until the holders of other shares have been paid their due proportion of the profits.

14. *Consols* is an abbreviation of the term "consolidated," and represents the funded debt of the United Kingdom. The term has come into use from the fact that the various sums of money borrowed from time to time by the government were ultimately merged or consolidated into one fund, upon which interest is paid at a uniform rate.

15. *Cum Dividend* or *Cum Div.*, means that the stock or shares referred to are sold on the understanding that the buyer is to receive any dividend that may be distributed upon them. *Ex Div.*, on the contrary, means without the dividend that may accrue.

16. *The Money Market* is the term by which is expressed the many and varied transactions which take place daily in the financial world.

17. *The Bank Rate* is the rate of interest at which the Presidency Banks are prepared to grant loans or to discount bills of exchange.

18. *The Bank Statement* is the weekly statement issued by each Presidency Bank showing exactly the financial position of the bank on the date of the return. The return is made up every Tuesday and is published in the daily papers. The return is eagerly examined by business men, especially in

times of commercial depression, panic, or war, as, by showing the amount of reserve, it indicates the probability of a rise or fall in the bank rate, and thus serves to guide them in their financial operations.

The following is a copy of a Bank Statement :—

BANK OF BENGAL

The following is the Official Statement of the affairs of the Bank of Bengal for the week ending August 13th, 1912 :—

LIABILITIES.				ASSETS.			
	Rs.	A. P.					
Capital paid up ..	2,00,00,000	0 0		Government Securities	2,32,38,050	0 0	
Reserve Fund ..	1,83,00,000	0 0		Other authorised Investments ..	51,27,032	0 0	
Public Deposits—				Loans on Government and other authorised Securities ..	3,52,74,738	9 5	
At Head Office 95,28,281	4 0			Accounts of credit on ditto ..	3,71,91,278	14 1	
At Branches 1,04,07,131	10 4			Bills discounted and purchased ..	2,96,83,100	3 6	
Other Deposits—				Balances with other Banks ..	39,89,817	11 5	
At Head Office and Branches ..	18,20,57,775	13 10		Bullion ..			
Bank Post Bills, etc. ..	9,05,519	10 0		Dead Stock ..	24,98,945	5 6	
Sundries ..	15,18,031	6 11		Stamps ..	11,492	1 11	
				Sundries ..	4,64,441	2 4	
					13,74,78,926	0 2	
				Cash and Currency Notes—			
				At Head Office* 5,55,89,267	9 11		
				At Branches† 4,96,48,546	3 0		
Total ..	24,27,16,739	13 1		Total ..	24,27,16,739	13 1	

*Includes Sovs.

and † Sovs. Rs. A. P.

Value 4,87,965 0 0

† Do. do. 6,11,325 0 0

Total 10,99,290 0 0

Rate for Demand Loans, 3 per cent

Percentage 51.48.

Capital Paid Up. The Banks of the Presidencies are joint-stock companies whose constitution and business are regulated by an Act of the Indian Legislature. The Capital Paid Up, therefore, represents the amount held by the stockholders in the bank.

Reserve Fund. This is the amount invested by the Directors and set aside to provide for any sudden demands on the bank by the public.

Public Deposits. The Government is a depositor with the bank, and this is the amount standing to its credit on the date of the return.

Other Deposits. The accounts of merchants, bankers, corporations, companies, private individuals, etc.

Bank Post Bills. Seven-day and other bills.

Government Securities. Consols, Exchequer Bills, Treasury Bonds, and other national securities which bear interest guaranteed by the Government.

The following is a specimen of a Market report appearing in the daily paper :—

MONEY AND MARKETS

CALCUTTA, Saturday evening.

The market is steady and unchanged and a good business is coming out from day to day, the forward position occupying most attention. London discounts are cabled firmer for 6 m/st at $3\frac{3}{4}$ per cent. and unchanged for 3 m/st at $3\frac{1}{16}$ per cent. Quotations are—

3 m/st D.A. Bills .. 1s. $4\frac{1}{2}$ d.	Telegraphic Transfer 1s. $4\frac{1}{2}$ d.
6 m/st D.A. Bills .. 1s. $4\frac{1}{16}$ d.	On Demand .. 1s. $4\frac{3}{8}$ d.

The Share Market.—A considerable business was reported in Jute Mill shares the demand for which was well sustained. Coal shares ruled quiet but steady with less business doing.

The following transactions were reported :—

Coal Shares

Auckland, Rs. 7-6.	Jumoni, Rs. 6-6.
Bansjorah, Rs. 6-4.	Kuardi, Rs. 12.
Bhalgora, Rs. 20.	Lakurka, Rs. 17-12.
Huntodih, Rs. 14-2 and Rs. 14-6.	Satpukuria Asansol, Rs. 11.

Jute Shares

Albion (ord.), Rs. 128.	Howrah (ord.), Rs. 124 and Rs. 125.
Budge Budge (ord.), Rs. 225 and Rs. 226.	Kamarhatty (ord.), Rs. 120 and Rs. 121.
Clive (ord.), Rs. 55-12 and Rs. 56.	Kelvin (ord.), Rs. 109-8.
Clive "A" (prefs.), Rs. 113 and Rs. 113-8.	Northbrook (ord.), Rs. 14.
Fort Gloster (ord.), Rs. 143 and Rs. 144.	Soorah, Rs. 94-8, Rs. 96, and Rs. 97.

Miscellaneous

Bengal Flour, Rs. 130.
 Central Jute (5 % debs.),
 Rs. 101.

Kanknarrah Jute (5 % debs.),
 Rs. 101.
 Khardah Jute (5 % debs.),
 Rs. 101.

Government Securities.—Government Paper $3\frac{1}{2}$ % is quoted at Rs. 96-6 to Rs. 96-7 for cash and at Rs. 64-4 for the forward position.

Jute Market.—As was expected values dropped on the Home market yesterday. The decrease amounts to 10s. for August, 7s. 6d. for September, and 10s. for October, the closing quotations being £23, £21-17-6 and £21-5 respectively. Buyers were keeping off the market, looking for lower prices.

There is a weaker feeling here to-day, and some resales of Firsts August shipment are reported at Rs. 52-8.

Kutchia Bales are easier and buyers are meantime showing little desire to trade.

Rail arrivals yesterday amounted to 80,647 maunds compared with 84,230 maunds for the same day of last year.

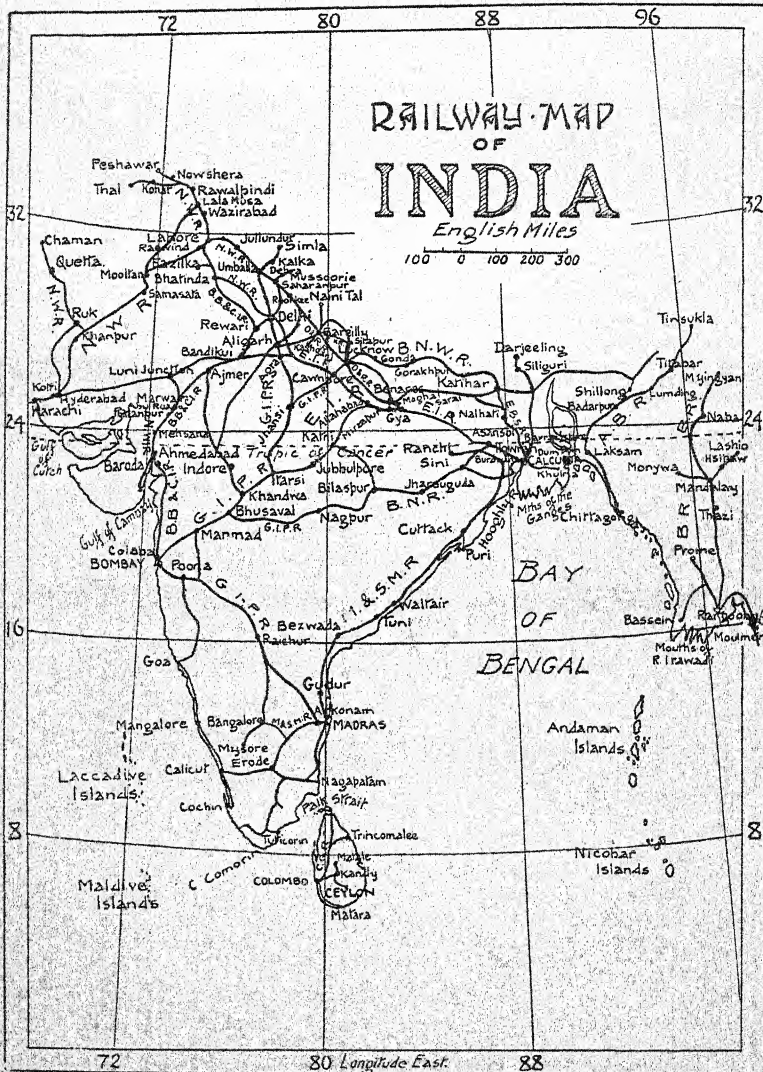
Gunny Market.—Hessians are quiet without any change in values, sellers being firm at last rates. Practically no business has been done to-day. Heavy Goods are very steady. Yesterday's inquiry from the Country resulted in a fairly large business in Heavy Cees at Rs. 31-8 October-March. A. Twills at Rs. 39-12 October and Rs. 40 October-December. Sacks are inquired for September-October shipment, sellers are firm at Rs. 33-8.

Quotations are also daily reported in the newspapers of the market reports of London, Liverpool and New York, especially in the Cotton, Jute, Metals and Money, Seeds and Rubber Sections.

QUESTIONS ON CHAPTER VIII

1. What is an *Exchange*?
2. Explain the meanings of the terms *Stockbrokers*, *Stock Jobbers*, and *Turn of the Market*.
3. Define *Bulls*, *Bears*, and *Options*.
4. What are the main differences between *Stocks* and *Shares*?
5. State the principal kinds of *Shares*, and explain the meaning of *Debenture*.
6. What is meant by *Consols*?
7. Give the meanings of *Cum Div.* and *Ex Div.*
8. What is the *Bank Rate*?
9. State what you know about the *Bank Statement*.

English Miles



CHAPTER IX

RAILWAYS

As so much of the traffic of the country is carried on by means of the railways, it is necessary that the clerk in a commercial house should have some acquaintance with the main railway lines.

All the important railways in British India have their termini situated in Calcutta, Bombay, Madras, and Rangoon.

The East Indian Railway (E.I.R.). The Calcutta terminus of this important railway is at Howrah. The most important route is to Bombay. The train passes via Burdwan to Asansol Junction (where it is tapped by the Bengal-Nagpur Railway), then on through Gya Junction to Moghal Sarai, the junction for Benares; from here it turns South through Katni to Jubbulpore. At Jubbulpore the train enters on the Great Indian Peninsular track, over which the E.I.R. have running powers, through Tharsi and Manmad to Bombay.

Another important route is from Calcutta to Simla. The train follows the same line as the Bombay train as far as Mirzapur, beyond Moghal Serai. It continues North on its own track through Allahabad, Cawnpore, Hathras and Ghaziabad to Delhi; from here it goes via Umballa to Kalka, where a change is made to the narrow gauge railway to Simla.

Communication is also made direct from Calcutta with the hill-stations of Mussoorie and Naini Fal via Benares, Lucknow and Bareilly.

E.I.R. trains run direct to Peshawar via Delhi, Umballa and Lahore, and to Karachi via Agra, Delhi and Hyderabad (Sind).

The E.I.R. have a network of railways over South Bengal and also run a line of steamers between places on the Hooghly.

The Eastern Bengal State Railway (E.B.S.R.). The terminus of this railway in Calcutta is at Beliaghata. Its most important route is from Calcutta via Dum Dum, Barrackpore and Naihati to Katihar Junction where it connects with the Bengal and North-Western Railway. It also runs trains to

Khulna via Bongong and to Shillong via the Assam Bengal Railway and to Darjeeling via the Darjeeling-Himalayan Railway with which it connects at Siliguri.

The Assam Bengal Railway (A.B.R.). The main line is from Chittagong and goes through Laksam (junction for Calcutta and Dacca), Badarpur, Lumding (junction for Gauhati), Titabar to Tinsukla on the upper Brahmapootra, a distance of 600 miles.

The Burma Railway (B.R.). The main line starts from Rangoon and goes through Thazi (junction for Myingyan), Mandalay. From here there are lines going to Lashio through Hsipaw, to Myitkiyina through Naba, and to Monywa. There are also connections from Rangoon with Moulmein, Prome and Bassein.

The Bengal and North-Western Railway (B.N.W.R.). The main line starts from Cawnpore and passes through Lucknow, Gonda, Gorakhpur, Bhatni and down the left bank of the Ganges to Katihar where it connects with the Eastern Bengal State Railway. It has many branches running up into the hills and connecting with the other railways.

The Oudh and Rohil-Khand Railway (O. & R.R.). The main line starts from Moghal Sarai (connection with the E.I.R.), and runs through Benares (connection with the B.N.W.R.) and Rae Boreli (branches to Allahabad and Cawnpore), to Lucknow (connection with the G.I.P. and E.I.R.); then on through Bareilly (branch to Aligarh) and Roorkee to Saharanpur, where it connects with the N.W.R.

The Rohilkand and Kumaon Railway (R. & K.R.). The main line runs from Lucknow through Sitapur and Bareilly to to Kashganj and it has numerous small branch lines.

The Bombay, Baroda & Central India Railway (B.B. & C.I.R.). The terminus of this line in Bombay is at Colaba, and the main line runs direct to Delhi. Trains by this route pass through Ahmedabad, Mehsana, Palanpur, Marwa, Ajmer, Phulera and Rewari to Delhi—a distance of 849 miles—and thence to Dehra Dan and Simla.

The important branches are (1) from Rewari to Bhatinda

and Fazilka ; (2) from Rewari to Bandikul and Agra ; (3) from Ajmer to Khandwa through Indore.

The B.B. & C.T. covers Eastern Rajputana and Central India with a network of railways providing communication between all important places and Bombay.

The North Western Railway (N.W.R.). This line extends over the whole of the North-West Provinces and Western Rajputana.

The longest railway journey is from Karachi, whose important trade the N.W.R. carries, to Lahore via Raewind, Mooltan, Samasata, and Khanpur, a distance of 784 miles. Another route of 637 miles is from Peshawar via Nowshera, Rawalpindi, Wazirabad, Lahore, Jullundur, Ludhiana, Ambald and Saharanpur to Delhi.

Its important branches are (1) from Rawalpindi to Kohat and Thal ; (2) from Lahore to Delhi via Bhatinda ; (3) Mooltan to Lalamusa ; and (4) to Quetta Chaman from Ruk.

A connection was made between Karachi and Bombay via Kotri, Luni Junction, Abu Road and Baroda.

The Great Indian Peninsula Railway (G.I.P.R.). This important railway has its terminus at Victoria Station, Bombay and its longest run is of 1,119 miles to Kalka for Simla. Trains by this route go via Manmad, Bhusaval, Jhansi, Gwalior, Agra, Muttra, Delhi and Umballa to Kalka.

Its branches are (1) from Jhansi to Lucknow and Cawnpore ; (2) from Manmad to Dhond ; (3) from Ttarsi to Jubbulpore ; (4) from Bhusaval to Nagpore, and so through to Calcutta.

It also runs through trains to Madras via Poona, Mysore, and Bangalore.

The Bengal-Nagpur Railway (B.N.R.). From the terminus situated in Calcutta (Howrah), the longest run is to Nagpur 705 miles via Khargpur, Sini, Chakardharpore, Jharsuguda, and Bilaspur. There are numerous important branches from these stations to Ranchi, Asansol, Bankipore, Puri, Cuttack and Katni and through trains are run via Cuttack to Madras and thence communication is afforded with Colombo.

The Madras & Southern Mahratta Railway (M. & S.M.R.).

The lines of the Madras and Southern Mahratta Railway cover the whole of the South of the Peninsula with their head-quarters in Madras.

An important route is from Madras via Gudur, Bezwada, and Tuni northwards to Waltair and thence to Calcutta.

From Madras connection is made with Bangalore and Poona via Arkonam, with Mangalore via Erode and Calicut, with the Kolar goldfields, with Raichur and with Tuticorin, via Arkonam, and through trains are run to Bombay and Delhi.

The Ceylon Government Railway (C.G.R.). Kandy, Trincomalee and Matara are linked up by this railway with numerous branches and communication is made by steamer with Madras. Plans are on foot for connecting the Ceylon and South India Railways by means of a viaduct to be built on the rocks between the island and the mainland.

In addition to the railways there are numerous steamboat services on the Hoogly, Ganges and other rivers, and in the hills where it is impossible to build railways except at very great cost, communication is afforded by means of tonga services maintained by Government or the local authorities.

The question may sometimes have arisen in the minds of those who have taken long journeys or booked goods through, say from Bombay to Calcutta or any other place which can only be reached by passing over the lines of several different railway companies, how do the different railway companies divide the fare or goods rate between them?

At present the work is done several times over, the audit office of a railway over which a consignment passes dealing with the document relating to it and apportioning the charges and profits of each railway. Proposals have at various times been made for the establishment of a Central Clearing House, but the distances in India are so great that it has so far not been found possible to make any change in the existing methods.

Traffic in other countries, notably England, is dealt with at a Central Clearing House maintained by all the companies.

Traffic passing over more than two companies' lines is dealt with at the Clearing House. The stations render to the Clearing House, through their respective companies, a monthly return of all through bookings, whether passengers, goods, parcels, or any other kind of traffic, and the business of the Clearing House is to deal with these returns in such a manner that each company is credited with its fair share of these bookings. When two companies only are concerned, the division of the receipts is, as a rule, dealt with between them and not through the Clearing House.

Such matters as the return of wagons, carriages, tarpaulin sheets, etc., to the various companies, and the recovery of lost luggage, are also dealt with at the Clearing House.

Railway Guides giving the times of departure and arrival of the local trains, and the fares charged, are published by most of the Railway Companies, while the Indian Bradshaw railway guide gives information with regard to all the railways in India. Special tables are arranged in this guide to show the times of trains and the routes between important towns, while the trains running between places of less importance can be traced by means of the very complete index provided in the guide.

The Indian Bradshaw also contains a complete list of steamship routes to the various ports of Europe, and a list of all dak bungalows of the Government is also inserted.

All guides are arranged either alphabetically or on the index principle. Directions are also given as to the use of the guide, so that after a little experience reference becomes quite an easy matter.

QUESTIONS ON CHAPTER IX

1. Name the principal Stations on the *N.W.R.*
2. Trace on the map the *E.I.R.* route from *Calcutta* to *Bombay*.
3. Through which places does the main line of the *L. & N.W.R.* run?
4. Where are the head-quarters of the *B.B. & C.I.*?
5. Name some of the other railways of *India*.
6. State the principal branches of the *G.I.P.*
7. Describe the *Burma Railway lines*.
8. What work is undertaken at the *Railway Clearing House*?

CHAPTER X

FORWARDING GOODS BY RAIL

RECEIPTS for goods forwarded by a railway company, or by any other means of conveyance, are usually given either on a *Delivery Note*, or in a *Delivery Book* specially printed and ruled for the purpose. It is important that these receipts should be carefully preserved, as it may be necessary to produce them at some later time in order to prove delivery of the goods, and enforce payment for them. And yet it is true to say that in many firms the *Delivery Book* is the worst bound and the most carelessly kept book they have. This is because the duty of entering the particulars of goods delivered is entrusted to a youth who has not been impressed with the importance of the work.

The *Delivery Book* is most commonly ruled with columns to show (1) the date; (2) the name of the consignee (the person to whom the goods are being sent); (3) the consignee's address; (4) the packages delivered; (5) the name of the carrier; (6) the signature of the receiver.

A *Consignment Note* must be filled up when forwarding goods by railway.

Railway Rates for the carriage of goods are affected by so many considerations that no simple tables can be given and no specific rules stated. The local goods agent will always supply any information desired concerning the rates.

The railway companies contend that, in addition to a mileage rate for goods, they are entitled to make a charge for what are called *terminals*, that is, for accommodation afforded and services performed in respect to the goods at the receiving and delivery stations. They contend that the mileage charge commences only when the train begins to move, and ceases when the truck reaches its destination. Consequently, they charge for siding, platform and shed accommodation, loading, unloading, use of fixed machinery, and clerkage.

In the development of the railway system the companies soon found that the traffic arising on one system was often

required to pass on to another system, or *vice versa*, and that it led to delay and inconvenience to make two transactions of one journey ; so, as far as the public is concerned, all railways over which goods traffic passes between the beginning and end of its journey are treated as one railway, the companies dividing the receipts arising therefrom according to a previously settled plan.

An example will illustrate the way the rates are calculated, and will also show how the railway companies divide the whole amount received for each transaction. Let it be assumed that the consignments are not sent as *carted goods*, but at what is called a *station to station rate* ; then taking a through distance of one hundred and fifty miles, passing over fifty miles of each of three different railway companies, and supposing the through rate to be two annas per maund per mile, this would produce for one hundred and fifty miles a rate per maund of Rs. 18/12 as.

The amount received would be divided in the audit offices of each railway company allowing for 2 terminal charges at each end and dividing the remainder amongst the three companies. If the goods are collected and delivered by the companies, a certain sum is added to the station to station rate ; and in the Audit offices the sums so added are credited to the companies performing the cartage service.

The English Clearing House distinguishes the following classes of goods :—

1. *Goods and Minerals*, which is subdivided into eight sections distinguished by the letters A, B, C, and by the numerals 1, 2, 3, 4, 5 ; A being the lowest and 5 the highest charge.

2. *Animals*.

3. *Carriages*.

4. Articles of which the companies are not common carriers, and which they will only carry at owner's risk and under special conditions. These are either *dangerous goods* or *exceptionally bulky articles*.

5. *Perishable Goods*, which must be carried by passenger trains.

6. Small parcels carried by goods trains.

Parcels will be conveyed by passenger trains belonging to the chief railway companies if they are delivered at the station from which they are to be sent at least ten minutes before the departure of the train by which they are intended to be

forwarded ; and the companies notify persons of the fact that parcels belonging to them are lying at the stations, and they must in the majority of places be fetched by the person to whom they belong or by his agent.

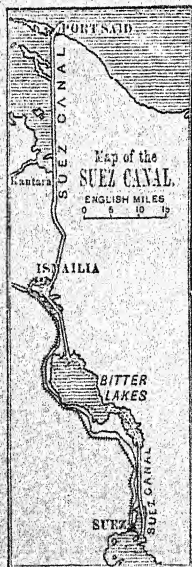
QUESTIONS ON CHAPTER X

1. Give the ruling for a *Delivery Book* and state for what purpose such a book is used.
2. What is a *Consignment Note* ?
3. What do you understand by the *charge for Terminals* ?

CHAPTER XI

CHANNELS OF COMMERCE

In this necessarily brief review of the principal commercial routes of the world, we shall commence with the route to Europe as the principal trade of India is carried on with that country.



The Indo-European Route. The route from India to England, until the year 1823, was by way of the Cape of Good Hope ; and the old-fashioned India-men, in which the voyage was made, called and took in provisions at the Cape of Good Hope, St. Helena, and half a dozen other harbours besides. The first "near cut" to England was adopted about the year 1840. A ship carrying mails and passengers steamed from *Bombay* to *Aden*, near the point where the Red Sea opens into the Indian Ocean, and along the whole length of the Red Sea to Suez, where she discharged her mails and passengers to travel overland from Suez to Alexandria, where another ship waited to carry them to Malta, and thence to England.

The construction of the Suez Canal was the next step to render intercourse between East and West easier still. This important engineering work, which was completed in 1869, runs from Suez, on the Red Sea, to Port Said, and the Mediterranean, passing through the Bitter Lakes, Lake Timsah, and the Lake Menzaleh.

England can now be reached from Calcutta, Bombay, Madras, Rangoon, Karachi and Columbo by many lines of steamers, amongst which the most important are the Peninsular and Oriental (P. & O.), which carries the mails, the Orient Line, the Anchor, Hall, City and Clan lines. The steamers of these lines touch at various European ports on the way to England, amongst which Naples, Brindisi and Marseilles are the most important. From these ports through trains run to all the principal towns of Europe.

There are three principal ways of reaching England overland instead of continuing in the steamer all the way by sea.

1. One route is from Brindisi or Naples through Rome and Genoa to Turin. At Susa it leaves Italy, passes through the Alps by the Mont Cenis tunnel and proceeds by way of Chambéry, Macon and Dijon to Paris and thence to one of the Channel ports.

2. An alternative route is to Milan and thence through the St. Gothard tunnel to Lucerne and Basle in Switzerland. Leaving Switzerland, the route passes into Germany through Strasburg, and through Luxembourg, Namur and Brussels to Ostend, whence a steamer is taken to England.

3. The route which is followed by passengers by the P. & O. boats is from Marseilles through Avignon and Valence up the left bank of the Rhone. The route then goes through Lyons, Macon and Dijon to Paris and thence to one of the Channel Ports.

The routes from France to England are four :—

1. The South Eastern and Chatham Company's route from Calais to Dover.

2. The South Eastern and Chatham Company's route from Boulogne to Folkstone.

The "Channel passage" in both of the above cases takes about one hour, and fast trains run from alongside the boats to London.

3. The London, Brighton and South Coast Railway Company's route from Dieppe to Newhaven.

4. The London and South Western Railway Company's route from Havre to Southampton.

Eastern Asian Routes. There are numerous lines of steamers running to ports in the Malay States, China and Japan, the principal of which are the Messageries Maritimes and the Peninsular and Oriental.

The principal routes are from Calcutta and Bombay via Singapore and Hong-Kong to Shanghai and thence to Yokohama in Japan. From Singapore communication is afforded with the East Indies, the islands of Borneo and Java, etc., by the Royal Packet Steam Navigation Company. By transshipment at Hong-Kong goods can be sent to Valparaiso in South America and San Francisco in the United States by various lines, and the ports of China and Korea can also be reached from here.

Routes to Australasia. Direct communication is obtained with Australian and New Zealand ports from Calcutta and Bombay, and the boats from Europe to Australia touch at Colombo, from which port these steamers may be taken.

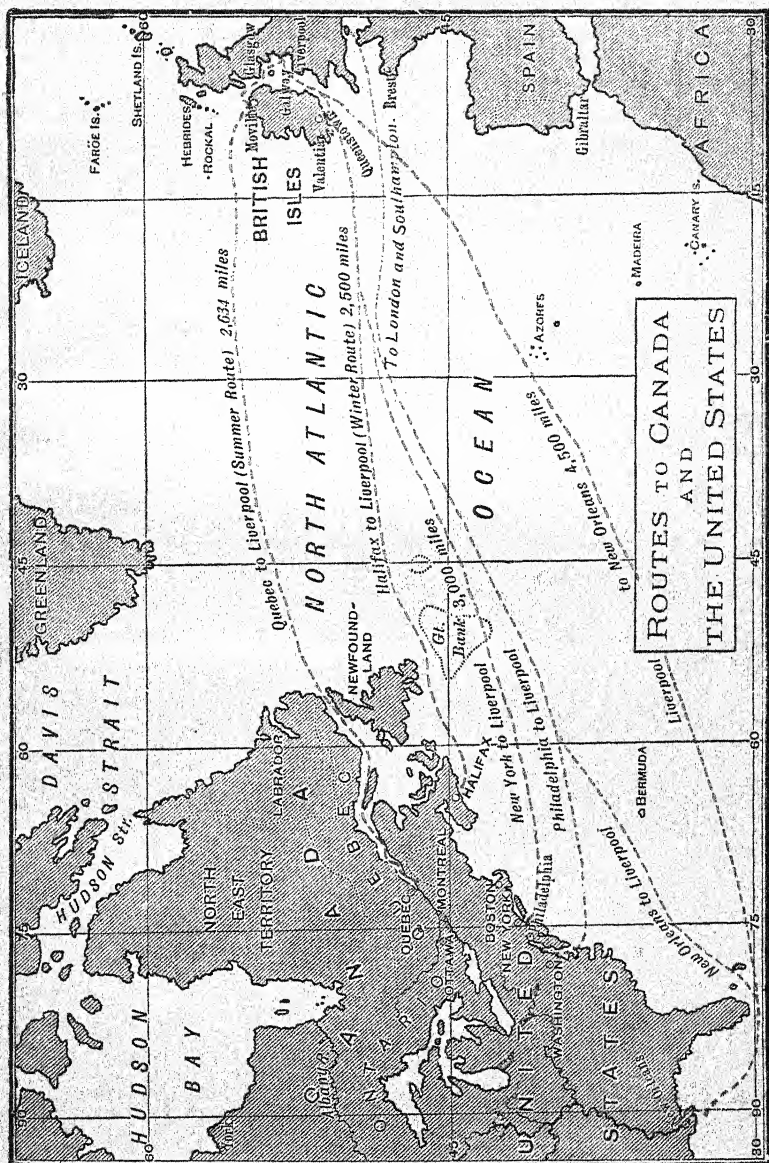
There are two routes used by steamers:—

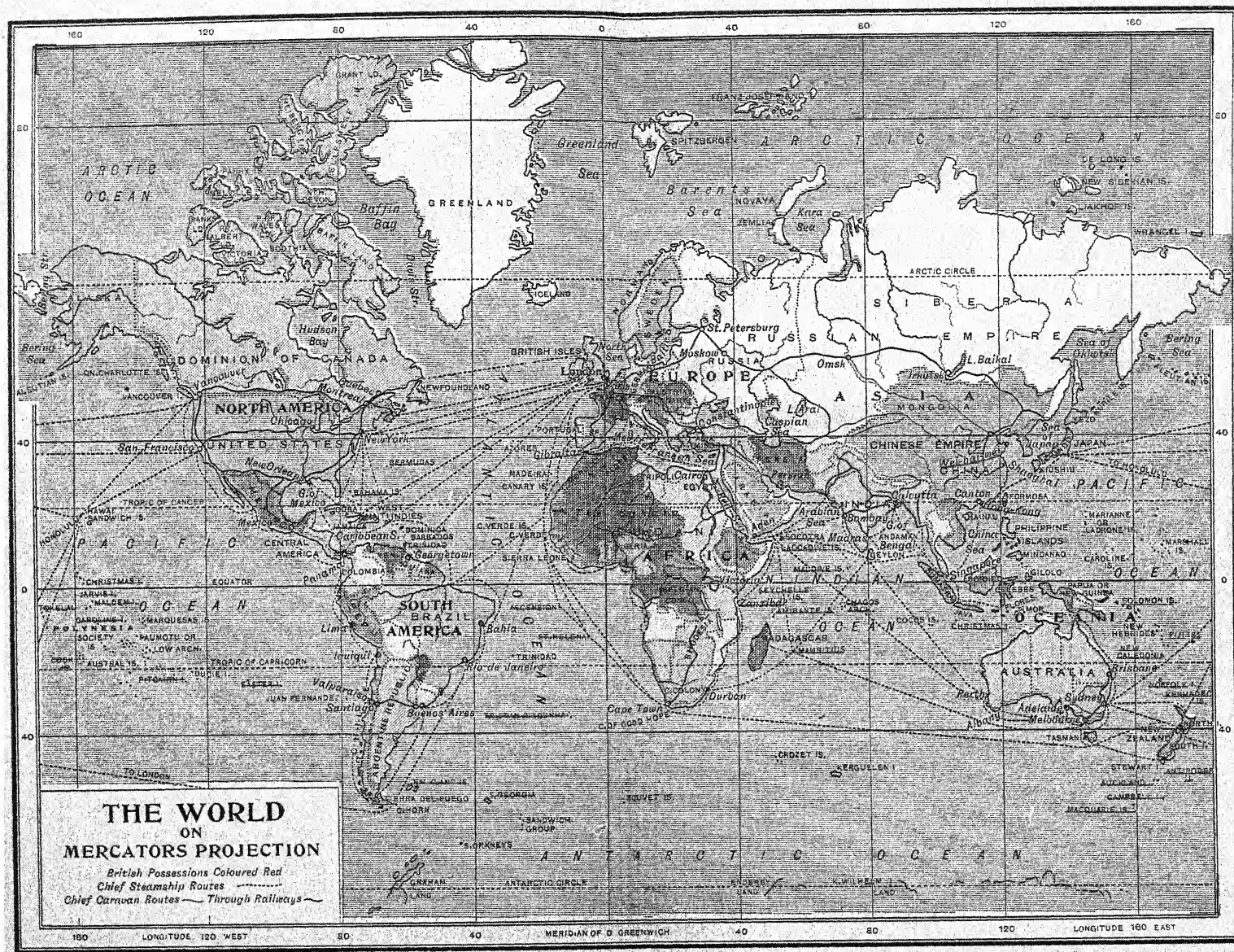
1. To Singapore and thence by Batavia in Java, along the north coast of Australia to Brisbane on the East Coast, and thence to Sydney, Melbourne, Adelaide and Perth, West Australia.

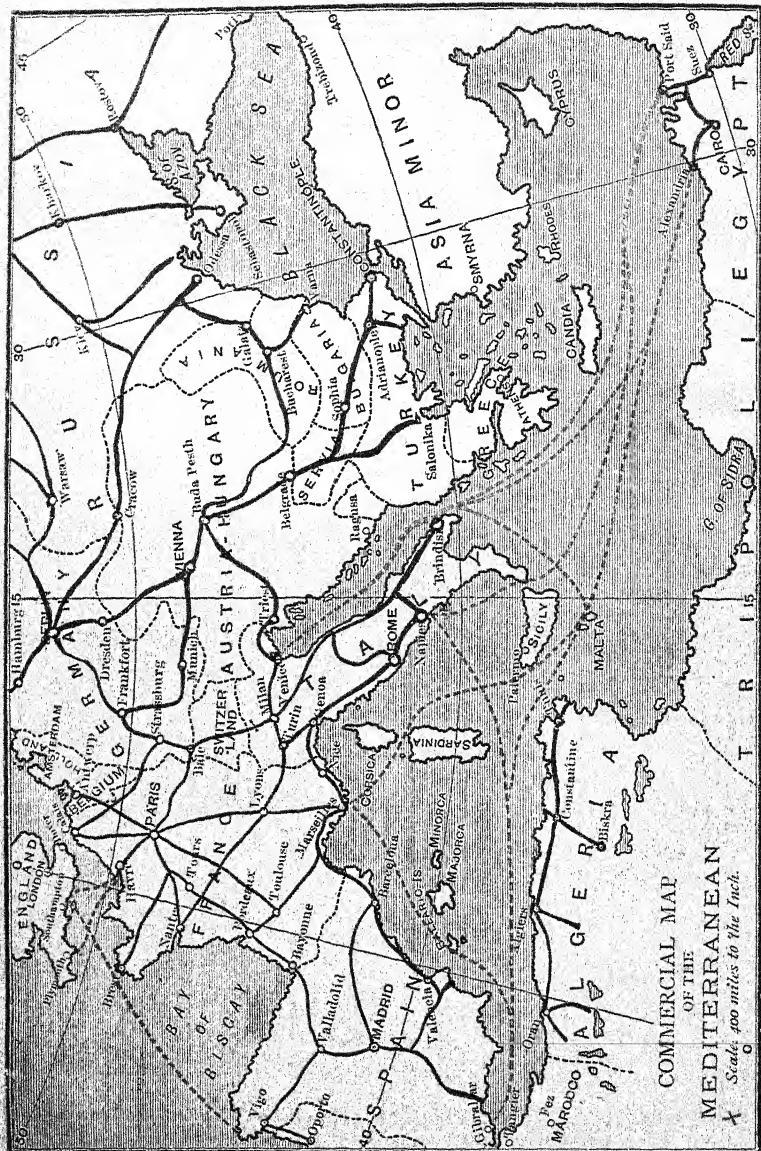
2. After leaving the Indian port, the steamer goes direct to Perth in Western Australia and thence to Adelaide, Melbourne and Brisbane.

Connection is made from the Australian ports with Tasmania, New Zealand, and Fiji.

Routes to Africa. The Natal, German East Africa, and other lines sail periodically to African ports from Bombay and Calcutta.







COMMERCIAL MAP
OF THE
MEDITERRANEAN
* Scale 100 miles to the Inch.

The route generally taken is by way of Zanzibar, Mozambique and Lorenzo Marques to Durban, Port Elizabeth and Cape Town.

There are besides numerous lines connecting all the principal ports of India with each other ; Rangoon, Chittagong, Calcutta, Madras, Colombo, Bombay and Karachi are all linked together by steamship lines and communication is also made with the ports of the Persian Gulf.

From England to New York and the other parts of the United States is undoubtedly one of the busiest of all ocean routes. The *National* and *Wilson-Furness* lines of steamers sail from the Royal Albert Docks, London, weekly for New York ; several lines, including the *American* and *Union*, make Southampton Docks their starting-point ; but, by far the greater number of steamships running between England and New York start from Prince's Landing Stage, Liverpool, calling at Queenstown Harbour for mail bags. The *Cunard*, *White Star* and other lines run regularly and frequently between Liverpool and New York.

The number of regular lines of ocean steamers plying between New York and the ports of Europe increases yearly ; and vessels leave the port of New York regularly every day in the week, except Sunday.

There are also several ways of getting from England across the Atlantic to Canada. The *Allan*, *Dominion*, and *Beaver* lines of steamships run from Liverpool to Quebec and Montreal throughout the summer in about eight days, calling at Moville, on Lough Foyle, in the North of Ireland, for the mails. In winter when the River St. Lawrence is ice-bound, the steamers make Halifax, Nova Scotia, their Canadian port.

The Voyage from England to the Cape may be taken in one of the splendid steamships of the *Castle Line* which leaves the East India Dock Basin, at Blackwall, London, every Friday, bound for the Cape of Good Hope. The steamers of this line reach *Southampton* on Saturday ; they also call at *Madeira* one week, *Grand Canary* the following week, and

so on. The *Union Steamship Company's* vessels leave Southampton Docks for the Cape every Saturday ; but these ships call at Madeira and Teneriffe on every voyage ; and they visit Saint Helena and Ascension at intervals.

Leaving the English Channel, the Cape steamers turn southward, and steam outside the Bay of Biscay into the deep, violet-coloured waters of the Atlantic Ocean, passing between the Azores and the Canaries, until, about five days out from Southampton, the vessels call at Teneriffe, one of the Canary Islands. After Teneriffe sinks below the horizon, the weather is generally very hot ; and about twenty days out they round the Cape and anchor off Capetown.

QUESTIONS ON CHAPTER XI

1. Name the routes from *France to England*.
2. What are the routes to *Australasia* from *Calcutta and Bombay* ?
3. What is the route followed from *India to England* ?
4. Indicate the route followed in a voyage from *England to the Cape*.

CHAPTER XII

IMPORTING

THIS chapter will illustrate the whole of the transactions and documents which come into use on the importation of a consignment of goods into Bombay.

Bill of Lading. The Bill of Lading (specimen marked A), and the Invoices, would be the first documents received by the consignee.

It will be seen from the specimen of the Bill of Lading that it is a receipt for the goods named on it, and that it is also an agreement on the part of the master, owner, or agent of the carrying ship to deliver the goods at the port named, to the person named as the consignee or, as the document reads, to his or their assigns or to the order of the consignor, that is, to any person who is legally and properly in possession of the Bill of Lading ; and as this is one of the negotiable documents any person who is the holder *bonâ fide* and for

value is deemed to be the rightful owner, provided of course that the endorsements are all in proper order.

Again, it will be seen by reference to the illustration, that several copies of the document (usually three) are signed, and that it is provided that on delivery of the goods against one of such signed Bills of Lading, the others are of no value. This arrangement is rendered necessary by the fact that, in almost all cases, these documents must be sent from shipper to consignee by oversea mails, and that in such transmission, there is more or less risk of loss and delay, so that it is desirable to send two copies to the consignee by different routes or following mails, in order that one shall arrive before or as soon as the carrying ship.

Now as only one copy can be of avail against the shipowner by the terms of the Bill of Lading itself, it is clear that the signature of a number of copies, all of equal value until one is used to secure delivery, does not act detrimentally to the owner of the ship, while it is of great convenience to the shipper and consignee.

Further, it will be seen that the terms of this document, while stating that the goods are shipped in good order (unless there appears some special remarks as to the condition of the goods), do not bind the shipowner to deliver them in like condition actually, but only with certain important exceptions; and in brief, the only liability of the owner of the carrying ship is for any damage or loss that may arise from causes under the control of himself or his servants, the master and crew of the ship, or any other person in his employ. Sea risks and war risks, fire, and accidents to the machinery of the steamers, unless such accidents are directly traceable to the negligence of the owner's servants, are no affairs of the shipowner. All losses by these excepted clauses may be insured against by the ordinary Marine Insurance Policy, and in brief it may be said, with regard to insured goods, that just where the liability of the shipowner ends, that of the underwriters begins, and that the two never overlap. In case the consignment is insured, the Insurance Policy will probably

be received by the consignee along with the Bill of Lading. For other remarks *re* Bill of Lading, see next chapter.

Invoices. The Invoice of the goods received from the shippers will show the marks and numbers of the packages, their contents, value, weight, measurement, etc., and is a very important document. The information contained therein will enable the Customs authorities in most cases to assess customs duty, the port authorities to levy their charges, and in cases of damage or survey, will be, in fact, the only guide to ascertain the exact damage and loss; and claims are usually settled on the Invoice value of the goods.

On receipt of the above documents, the receiver should look out for the arrival of the ship named. On arrival, he should first apply to the local agents of the carrying vessel for an endorsement for delivery on his Bill of Lading. The agents will do so after recovering freight, if not paid already in advance, and any other charges that may be due to the owners of the vessel.

Bill of Entry. Next he should prepare a Customs Bill of Entry, a specimen of which form is on page 121. This form must be filled up in triplicate and presented to the Customs authorities, who will assess duty on the goods, or declare them to be free, as the case may be. In some cases they may desire to examine the goods or a portion thereof (or to gauge cases of wines, spirits, etc.), and will not assess duty until this is done. After payment of duty, the Customs collector will declare the goods to be out of Customs charges and return two of the forms to the importer, one being the Duty Bill or receipt for duty paid, and the other the Bill of Entry, and the port authorities then allow the goods to be passed out. Under recent arrangements, the completion of a Bill of Entry can in many cases be done before arrival of a vessel, under the "Prior to Entry" system.

It may now be supposed that the vessel has entered Bombay Harbour, and is berthed inside the docks where she is discharging her cargo. On board, the goods are handled by the stevedores employed by the vessel, and are received on

BILL OF ENTRY for Consumption.

Dalal No. _____ Signature _____

Vessel.	General Manifest No.	Master or Agent.	Colours.	Port of Shipment.	Country whence Consigned.	Importer's Name
ss. <i>Arabia</i>	141	P & O S.N. Cov.	<i>British</i>	<i>Marseilles</i>	<i>France</i>	<i>Everett Latham & Co.</i>
						Address. <i>Fort Bombay</i>

DETAILS OF GOODS TO BE GIVEN SEPARATELY FOR EACH C

Number and Description.	Marks and Numbers.	Quantity.		Description.	Real Value as defined in the Sea Customs Act		Value on which Duty is assessed.				Duty.		
		Unit.	Amount.		Rate.	Amount.	Tariff.	Ad. Val.	Amount.	Rate.	Amount.		
200 bags sugar	E. L. & Co. Bombay	200	P. enter weight from invoice	Beet Sugar	Rupees.							Rs.	a.
						To be fill ed by	Customs						

Total value Rupees 1

Total No. of Packages (in words) -

G. M. Clerk.

Total Duty Rupees 11

<p>For use in Cash Departments.</p> <p>Index No. 141</p> <p style="text-align: center;">74</p> <p style="text-align: center;">of 7th May, 191...</p>	<p>ORDERS.</p> <p>1. *This Bill of Entry is presented subject to the Prior to Entry rules. 2. *For the purpose of sec. 37 of the S. C. A. it is expressly agreed that it shall be deemed to be delivered on the date when the order for inward entry is passed, and the Bill of Entry shall in fact be so deemed to be delivered. 3. I hereby declare the particulars given above to be true. 4. * I hereby declare that I am unable from want of full information to state the real value and contents of the packages above marked and pray that they may be opened and examined in the presence of an Officer of Customs. * (This declaration to be struck out if not required.)</p> <p style="text-align: right;">Bombay,) (Sd.) Ewart Latham & Co., Signature of the Importer or his Authorised Agent.</p> <p style="text-align: right;">--- May, 191 ---</p>
---	--

the quay by the dock authorities who stack them according to marks. As soon as the goods are landed, the importer's representative should examine them, and if there is any damage, an application for survey should be made at once to the agents of the vessel. At the survey, a representative of the dock authorities will also be present if there is any question of damage to the goods while they were in their charge. The damage, if any, is then ascertained, and a claim is afterwards submitted to the vessel's agents or the port authorities as the case may be.

Dock Charges. Before the goods can be cleared from the docks into the importer's go-downs for sale, the dock charges must be paid. A specimen of the form used is on page 123.

Town Duty. Besides customs and dock charges, there are, on certain goods, as grain, timber, sugar, etc., other charges called town duties, to be paid to the local municipal authorities for importation of these goods into the city. These charges are collected by the port or railway authorities on behalf of the Municipality, and are refunded on proper rules to safeguard the revenue and prevent abuse, when the goods on which duty has been paid are again exported from the city. On importation of the goods by sea, the town duty can be paid to the dock authorities at the same time as their charges, the form used being marked D (see pages 124 and 125). The municipal authorities exercise a supervision on the collection of these duties, and may sometimes examine or weigh the goods while they are lying on the docks.

After payment of all charges, the dock authorities will allow the goods to be passed out of dock on surrender of the Bill of Lading duly discharged. It is necessary that the goods should be cleared as soon as possible, as on expiry of certain free days, the goods will be removed to the Uncleared Warehouses, where they will incur storing, removing, and rent charges.

Separate Delivery Orders. It often happens that large importers sell the goods comprised in one Bill of Lading to several dealers, to whom delivery of the goods has to be

Original Receipt.
No.

The Superintendent, Prince's & Victoria Docks.

Date___ May, 191___

Town Duty Bill No......

Please receive payment of charges leviable under Act VI of 1879 on the undermentioned goods imported per
SS. Arabia from Marselles as per attached Customs Bill of Entry No. 141/74 dated
7th May, 1880. Bill of Lading, Invoice, &c.

Marks.	Description of Goods.	No. of pack- ages.	Weight or Measure- ment.	Rate of Charges.		Amount of Wharfage.	Other Charges.			Total.
				Wharfage.	Per.		Extra Fee.	Opening.		
E. L. & Co. Bombay	Beet Sugar	200	P. enter from invoice							
				To be filled by the Port Trust Anth or itie s						

No receipt should be accepted as genuine except when stamped with the Port Trust Stamp.

(I or We)_____ declare the contents
of the above to be truly stated.

Signature____ Ewart Latham & Co.____
Address____ Fort Bombay____

To

D

The Traffic Manager, Port Trust,
 The Superintendent, Victoria and Prince's Docks,
 The Goods Superintendent, G. I. P. Railway,
 The Goods Agent, B. B. & C. I. Railway.

Sir,

Please receive Payment of Town Duty on the undermentioned Goods arrived per S.S. Arabia
 from Marseilles.

TOWN DUTY.								Total.	Remarks.
Marks and Counter-Marks.	Stamps impressed by the Municipality (to be filled by the Stamping Officer).	No. and Description of Packages of each size and sort.	Description of Goods.	Weight or Quantity of each size or sort.	Amount of Tariff Value.	Rate.	Per		
<div>E. L. & Co. Bombay</div>		200 bags	Beet Sugar	—					
Customs Import Entry								Total Rs...	

Bombay,

No. _____ Dated _____

May, 191 _____

I hereby declare that the Contents of this
 application are truly stated.

Railway Receipt No. _____
Dated _____

Importer.

D

Bill No.

Date of Import

Received payment of **Town Duty** from Ewart Latham & Co. for the undermentioned
 Goods imported per Arabia from Marseilles

Marks.	No. of Pack- ages.	Description of Packages.	Description of Goods.	Weight or Quantity.	TOWN DUTY.			Rate of Valuation. Rs. a. p.	REMARKS.
					Per.	Amount.	Rs. a. p.		
E. L. & Co.	200	bags	Beet Sugar						
Bombay									
Total Rupees (in words)									

Errors Excepted & Contents Received

Customs Import Entry

Bombay, 191 .

Compared with the Register.

No. dated

Railway Invoice No.

For Traffic Manager, Port Trust.

" Superintendent, Victoria & Prince's Docks.

" Goods Superintendent, G. I. P. Railway.

" Goods Agent, B. B. & C. I. Railway.

Cashier.

given from the docks. In such cases the Bill of Lading is sent to the dock authorities with the request that the goods mentioned therein may be delivered to the holders of separate delivery orders, issued by the importers to the respective buyers of the goods.

Despatch by Rail. If the goods have to be despatched up country to a buyer say, at Delhi, this can be done direct from the docks under the usual procedure of sending goods by rail, thus avoiding the necessity of removing the goods to one of the railway stations in the city.

Duty-paid Warehouses. The port authorities own large go-downs or warehouses, where merchants who may not have special go-downs of their own may store goods until they are actually required for consumption or sale. These are called duty-paid warehouses, and as the rent charged is low, these warehouses are popular with the trade.

Bonded Warehouses. If the goods are to be removed to the Bonded Warehouses, application should be made to the Collector of Customs, and a special Bill of Entry (specimen marked E) must be used. The goods are removed to the Bonded Warehouses under the supervision of the Customs Department, but all dock charges must be paid before removal.

Permanent Deposit System. To obviate the necessity of large and frequent importers and exporters making small cash payments, the Customs and port authorities have introduced a system called the "Permanent Deposit System." Importers and exporters have to lodge a certain sum in cash or public securities as a fixed deposit, and the Customs and port authorities will allow clearance of goods without payment of duty or dock charges. The accounts are adjusted monthly.

The procedure of selling the goods, the making up of the account sales, and the settlement of claims, and adjustment of accounts between the shipper and consignee, in vogue in Bombay, is the same as that in England, and so has not been touched upon.

The specimen forms have been filled up for an imaginary

0

Dalal No.

Signature

Id No.

of

Importer's
Name

Address

Y FOR EACH CLASS OR DESCRIPTION.

Value on which Duty is assessed.

Duty.

Rate.

Amount.

Rate.

Amount.

Tariff.

Ad. Val.

Ruppes.

Rs.

2.

Tot-

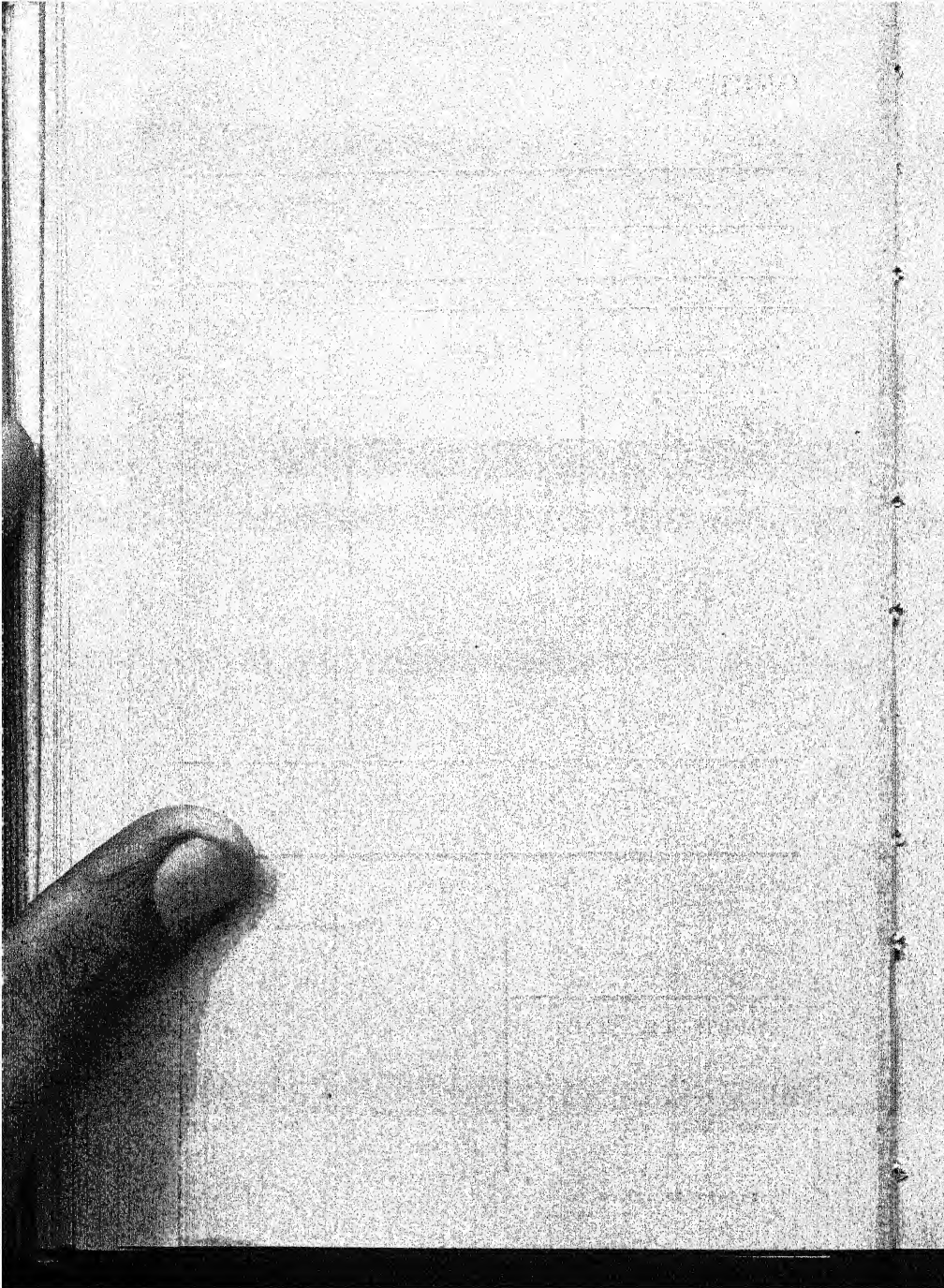
Ind Bill of Entry is presented subject to the Prior to Entry rules. the purpose of sec. 37 of the S. C. A., it is expressly agreed that it shall be deemed to be delivered on the date when the bill of lading is presented for inward entry, and the Bill of Entry shall be deemed to be delivered.

hereby declare the particulars given above to be true.

9

191

Signature of the Importer or his
Authorized Agent.



consignment of 200 bags of sugar from France by a P. & O. vessel.

QUESTIONS ON CHAPTER XII.

1. What is a *Bill of Lading*, and for what purpose is it used ?
2. Explain (a) *Duty-paid Warehouse* ; (b) *Bonded Warehouse* ; (c) *Bill of Entry* ; (d) *Permanent Deposit System*.
3. What is the liability of the owner of a carrying ship for damage to or loss of goods placed in his charge ?
4. Write a short account of the procedure with regard to goods imported into Bombay, from the time of their arrival at the docks.

CHAPTER XIII

EXPORTING FROM BOMBAY

In this chapter it is proposed to deal in brief with the procedure to be followed in exporting goods from Bombay to London, illustrating it with various mercantile and official forms brought into use.

Indent. The first stage would probably be the receipt of an Indent from a correspondent directing the receiver of it to forward the various goods named, and giving the necessary instructions as to marks, numbers, means of forwarding, insurance, and the means to be taken by the sender of the goods to reimburse himself for his outlay. The indent, which is the commercial name for the order of goods, would be the same as that in England.

Preparation of Goods. On receipt of this, the exporting merchant will take the necessary steps to procure the goods named. For our purposes it is supposed that the shipment will consist of the following :—

(a) Goods lying in the exporter's go-downs in Bombay, on which he will claim refund of town duty¹ on exportation.

(b) Goods to be received according to his orders from an up-country station by rail, which will be taken direct to the on-going steamer.

(c) Goods to be received from a coast port by a coasting

¹ Vide previous chapter.

Memorandum.

From

To

Peninsular and Oriental Steam
Navigation Company,
BOMBAY.

Please grant a Shipping Order per Steamer "

" Sailing about

for the following Cargo to

Bombay, 19

N.B.—Export Shipping Bills shall be presented by shippers in duplicate.

The original of these will be taken with the first boat load of each consignment to the ship and delivered to the master, who will keep it until the lading of the vessel is completed ; and at the time of applying for Port Clearance deliver all such Export Shipping Bills, duly endorsed, to his having received on board the quantity covered by these bills, with the Export Manifest in duplicate as usual.

The Duplicate will remain in the Custom House.

Vessel's name may be altered	Vessel's name may be altered
Fee one Rupee.	Fee one Rupee.
191 . Assistant Collector.	191 : Assistant Collector.
Fee received.	Fee received.
Cashier.	Cashier.

After check with the original
entry for

fresh one may be granted for the
portion shut out or not shipped.

Fee one Rupee.

191 . Assistant Collector.

No.

FOR MEASUREMENT AT BUNDER AND COLLECTION
OF MEASUREMENT FEE.

BOMBAY,	191	Rs. a. p.
Measurement Fee on	bales levied	

Signed

Measurement Fee Clerk.

Contents received on board.

(Signature)

Master of the Vessel

SHIPPING BILL

BOMBAY.

Exporter's Name

Address

Name of Vessel.

Masters or Agents.

Colours.

Port at which goods to be discharged.

Packages.

DETAILS OF GOODS TO BE GIVEN SEPARATELY FOR EACH CLASS OR DESCRIPTION.

[illegible]

Enter

No

191

1

— hereby declare the particulars given above to
We be true
Bombay, 191 .

No.

Cashier.

Assistant Collector of Customs.

Signature of Exporter or his Authorised Agent.

N.B.—Export Shipping Bills shall be presented by shippers in duplicate.

The original of these will be taken with the first boat load of each consignment to the ship and delivered to the master, who will keep it until the lading of the vessel is completed; and at the time of applying for Port Clearance deliver all such Export Shipping Bills, duly endorsed to his having received on board the quantity covered by these bills, with the Export Manifest in duplicate as usual.

The Duplicate will remain in the Custom House.

Vessel's name may be altered. Vessel's name may be altered.
Fee one Rupee. Fee one Rupee.

191 . Assistant Collector. 191 . Assistant Collector.
Fee received. Fee received.

Cashier.

Cashier.

After check with the original
entry for

fresh one may be granted for the
portion shut out or not shipped.

Fee one Rupee.

191 . Assistant Collector.

No.

FOR MEASUREMENT AT BUNDER AND COLLECTION
OF MEASUREMENT FEE.

BOMBAY,

191 .

Measurement Fee on

bales levied

Rs. a. p.

Signed

Measurement Fee Clerk

Contents received on board.

(Signature)

Master of the Vessel.

vessel, which will be treated as a transhipment when shipping to London.

(d) Goods lying in a Customs Bonded Warehouse.

Freight. The next step would be to make arrangements for the carriage of the goods to London. Terms of freight can be arranged either through a freight broker or direct with the agents or charterers of vessels. We shall suppose that it is decided to ship the goods by a P. & O. Steam Navigation Company's vessel, loading in the docks, freight being payable in London by the consignee.

Shipping Order and Customs Export Entry. Having packed and marked the goods lying in the exporter's go-down according to instructions received, the exporter will apply for a shipping order for the goods, in the form marked 1. Next he will prepare the Customs Export Entry or Shipping Bill, which is the permit for allowing shipment of the goods. This will be in the form marked 2, if the goods are export duty free, and in form 3 if dutiable. The forms are to be filled up in duplicate, the particulars contained therein being used chiefly for statistical purposes. Having obtained the Export Shipping Bill duly signed by the Customs Department, and the Shipping Order from the agents of the vessel, the exporter's representative will apply to the dock authorities for permission to cart the goods into dock. This having been obtained, the goods will be brought into dock, where they will be unloaded and received for shipment by the dock authorities.

Receipt of Goods by Rail. In the meanwhile, the exporter will receive advice of the despatch by rail of goods according to his order, and in due time the railway receipt will come to his hand. He will immediately advise the dock authorities to arrange for the receipt of the wagons containing his goods alongside the steamer by which they are to be shipped, and on arrival, the goods will be unloaded and kept ready for shipment. An Export Shipping Bill will also have to be prepared for this shipment.

Transhipment. The goods by the coasting steamer having also arrived and been landed in dock, the exporter will prepare

4

TRANSHIP PERMIT.—Original.

To

THE COLLECTOR OF CUSTOMS.

Please permit to be transhipped from the
 of 191 from to
 for EXPORTATION per

arrived here on the
 the undermentioned Goods

Marks.	Number and Kind of Packages.	Description of Goods.	Weight or Quantity.	Value.	Originally Manifested for Transshipment. Import General Manifest No. of 191 .
					Transhipment fee to be received here on packages at anna one each and Duty to be collected at
					Assistant Collector.

No.

191 .

do declare the contents of this application to be truly stated.

Let Tranship

Bombay,

Enterer.

191 .)

Assistant Collector.

Signature of Exporter or his Authorised Agent.

5

From Bond.

Dated's No.

Signature

Indian produce.

Free Goods.

SHIPPING BILL

for Original.

Foreign produce to be re-exported

Bunder Port, Bombay.

Exporter's Name

Address

Name of Vessel.		Masters or Agents.		Colours.		Port at which goods to be discharged.		Remarks.
Packages.		DETAILS OF GOODS TO BE GIVEN SEPARATELY FOR EACH CLASS OR DESCRIPTION.						
Number and Description.	Marks and Numbers.	Quantity.		Description.	Value.		Country of final Destination.	
		Unit.	Amount.		Rate.	Amount.		
					Rs.	a.	p.	
Enterer	No.	191	Let Export under Preventive Supervision.					

I hereby declare the particulars given above to be true.
We

Bombay, 191

Assistant Collector of Customs. Signature of Exporter or his Authorised Agent.

N.B.—Export Shipping Bills shall be presented by shippers in duplicate.

The original of these will be taken with the first boat load of each consignment to the ship and delivered to the master, who will keep it until the lading of the vessel is completed; and at the time of applying for Port Clearance deliver all such Export Shipping Bills, duly endorsed to his having received on board the quantity covered by these bills, with the Export Manifest in duplicate as usual.

The Duplicate will remain in the Custom House.

Vessel's name may be altered. Vessel's name may be altered.

Fee one Rupee.

Fee one Rupee.

191 . Assistant Collector.

191 . Assistant Collector.

Fee received.

Fee received.

Cashier.

Cashier.

After check with the original
entry for

fresh one may be granted for the
portion shut out or not shipped.

Fee one Rupee.

191 . Assistant Collector.

No.

FOR MEASUREMENT AT BUNDER AND COLLECTION
OF MEASUREMENT FEE.

BOMBAY,

191 .

Rs. a. p.

Measurement Fee on

bales levied

Signed

Measurement Fee Clerk

Contents received on board.

(Signature)

Master of the Vessel.

6

To The Traffic Manager, Port Trust.
R. No.
The Superintendent, Victoria and Prince's Docks.

SIR, Please examine the undermentioned Goods to be exported from _____ per _____
Commander _____ to _____ and to be consigned to _____, and upon which

I _____ intend to claim Refund of Town Duty—
We _____

Marks.	Packages of each size or sort.		Description of Goods.	Weight or Quantity of each size or sort (stating whether gross or net).	Original rate of valuation, Rs. a. p.	Remarks.
	No.	Description.				
Customs	Export	Shipping Bill	No. _____ dated _____			

I do hereby certify that the Goods specified in this _____ I / We do hereby declare that the contents of this applica-
document have been received by me on board the above _____ tion are truly stated, and that the Goods were
vessel. _____ imported within six months per _____
Bombay. _____ 191 _____

Chief Officer or Commander.

Exporter.

NOTE.—Unless refund is claimed within one month from the date of exportation, the claim will not be admissible.

Assistant Inspector to examine the goods, count and weigh
Shed Manager
10 per cent. of each size and to supervise export.

Supervisor.

Date _____ 191 .

Certified that _____
_____ marked _____
have been weighed as below.

Cwt. qr. lbs.

_____ Weighing.

_____ "
_____ "

Weighing Clerk.

Date _____ 191

Certified that the within-mentioned goods were examined by me
and found to be as follows—

_____ marked _____

_____ do. _____

_____ do. _____

(Signature) _____

(Designation of Examining Officer) _____

Date _____ 191 .

Examined,

Municipal Export Inspector.

Date _____ 191 .

Certified that the above goods were shipped from the Wharf this
day under my supervision.

(Signature) _____

(Designation of Examining Officer) _____

Date _____ 191 .

7

to

The Superintendent, Prince's & Victoria Docks.

Date _____

Please receive payment of charges leviable under Act VI of 1879 on the undermentioned goods for shipment per
S.S. _____ to _____ as per attached Customs Shipping Bill No. _____ dated _____

[illegible]

No receipt should be accepted as genuine except when stamped with Port Trust Stamp.

(I or We)_____ declare the contents of
the above to be truly stated.

Signature _____

Address _____

Assessed by

a transhipment permit (*vide form marked 4*), and arrange with the dock authorities for the removal of the goods alongside the steamer for London.

Arrangements will also have to be made for the removal of the bonded goods from the warehouse. Having given the necessary Bond to the Customs Department, and passed the Export Shipping Bill (*vide specimen marked 5*), the goods will be brought into dock and shipped under the supervision of the Customs Department.

Refund of Town Duty. As the exporter intends claiming refund of Town Duty on the goods he has brought from his go-down, he will make an application to the dock authorities on the form marked 6, to have his goods examined and weighed according to municipal requirements. After the form has been duly filled up, and when the ship's officer has certified that the goods have been received on board, it is sent to the municipal authorities with a claim for refund of Town Duty.

Mate's Receipt. The goods will now be shipped by the dock authorities and received on board by the ship's people. The packages are counted or tallied by both the dock authorities and the ship's clerk, who also notes the condition of the goods. The exporter's representative is usually present to give his assent to or protest against any remarks which the ship's officers may desire to pass on the cargo. After the goods are shipped, a receipt for them, called the Mate's Receipt, is given by the ship to the dock authorities. If the receipt certifies the goods to be received in good condition, it is called "clean." If, however, wrappers of bales are torn, cases are broken, packages stained or wet, a remark to that effect is made on the receipt, which is then called "foul."

Dock Charges. To procure the Mate's Receipt from the dock authorities, it is necessary to pay their charges first, unless the exporter is a Permanent Depositor.¹ The form for paying dock charges is marked 7, and is filled up in duplicate.

Bill of Lading. The Mate's Receipt is then exchanged for

¹ Vide previous chapter.

the Bill of Lading, which is sent to the consignee. Most steamship companies have their own form of Bill of Lading, specifying the conditions under which the goods are carried. The forms are usually filled in by the shipper, and taken to agents of the steamship company for signature. Any "remarks" in the Mate's Receipt will appear in the Bill of Lading.

Freight. It is the custom to charge for the sea carriage or freight of goods, either by weight, or by measurement, a ton being usually forty cubic feet. Such packages are, therefore, either measured by the ship's clerk in course of shipment, or previously in the docks by the measurers supplied by the Bombay Chamber of Commerce, whose certificates are accepted by the steamship companies.

The procedure of insuring the goods, preparing the invoices, and the recovery of the value of the goods from the consignee, is the same as that in England, and the correspondence carried out is also identical.

Charter Party. To *charter* means to *hire* a vessel, on contract, for a certain period or voyage, as agreed upon between the owner and the charterer. The form of agreement must bear a sixpenny stamp, and is known as a *Charter Party*. A Charter Party states the names of the contracting parties; the name and description of the vessel; the time or voyage for which she is hired; the rate of freight and terms of payment; the nature of the cargo; conditions of loading; the number of *lay days* (days allowed for loading); the *demurrage* or amount to be charged if the ship is detained beyond the specified time allowed; and such other particulars as may be necessary to bind the parties to the contract. When the Charter Party is signed it is returned to the Ship-broker or Shipowner's agent, who gives a certified copy of it to the Charterer and to the Owners of the vessel.

No set form is essential in the wording of Charter Parties, as this will necessarily vary according to the particular trade for which they are used. Printed forms are readily obtainable, and the necessary details may easily be filled in. The names

Black Sea Charters, India Charters, etc., indicate generally the places to which the ship is proceeding, while *Coal Charters, Grain Charters*, etc., signify the nature of the cargo to be carried.

The charterer may use the vessel for the conveyance of his own goods, or he may make up the cargo with the goods of other merchants; and, unless some clause in the Charter Party expressly forbids him, he may re-charter the vessel to some other person.

Specimen of Charter Party

CHARTER PARTY.

.....19..

It is this day mutually agreed between
 of the good Ship called the
 of the measurement of Net Register Tons or thereabouts,
 now (whereof is Master), for the
 one part, and of Merchant,
 of the other part. That the said Ship being tight, staunch and strong,
 and in every way fitted for the Voyage, shall with all convenient speed
 after discharge of Inward cargo proceed to
 or so near thereunto as she may safely get, and there load always
 afloat from the Charterer's Agents a full and complete Cargo of
 not exceeding what she can reasonably stow and carry, over and above
 her Cabin Tackle, Apparel, Provisions, and furniture and being so
 loaded shall therewith proceed to
 or so near thereunto as she may safely get, and deliver the same, always
 afloat, agreeably to Bills of Lading.

It is agreed that the following additional exceptions and conditions
 shall apply to this contract:—

The Act of God, perils of the sea, fire on-board, in hulk, or craft, or on
 shore, barratry of the Master and Crew, enemies, pirates, and thieves,
 arrests and restraints of princes, rulers and people, collisions, stranding,
 and all and every other Dangers and Accidents of the Seas, Rivers, and
 Navigation, Floods, Frost, Riots, Strikes, Detention of Lighters or
 Wagons, and other unavoidable hindrances which may prevent the
 loading and discharging, of what nature and kind soever, from
 date of Charter, and also during the said Voyage, always mutually

excepted, even when occasioned by negligence, default, or error in judgment of the Pilot, Master, Mariners, or other servants of the Shipowners. Not answerable for any loss or damage arising from explosion, bursting of boilers, breakage of shafts, or any latent defects in the machinery or hull, not resulting from want of due diligence by the Owners of the Ship, or any of them, or by the Ship's Husband or Manager.

The Ship has liberty to call at any ports in any order, to sail without Pilots, to tow and assist Vessels in distress, and to deviate for the purpose of saving life or property.

days (Sundays and Holidays always excepted), are to be allowed the said Merchant (if the Ship be not sooner despatched) for loading said Vessel, and to be discharged

And the said Charterers do hereby promise and agree to load the said Vessel with said Cargo, and also to receive the same at her port of delivery, as herein stated, also shall and will pay Freight as follows :—

in full of all Port Charges and Pilotages.

Payment whereof to become due and made as follows, viz. :—

and also shall and will pay Demurrage the sum of to be paid for each and every the said Vessel is detained over and above the said laying days and time as herein stated.

The Cargo to be delivered alongside and taken from alongside the Vessel at the expense and risk of the And the Vessel to

be consigned to Agents at Port of discharge, paying customary fees

Average, if any, in accordance with York/Antwerp Rules, 1890.

Penalty for non-performance of this Agreement, estimated amount of damage.

It being agreed, that for the payment of all Freight, Dead Freight, and Demurrage, the Master or Owners shall have an absolute Lien and charge on the Cargo.

Steamer to be ready and in position to load not later than otherwise Charterers to have the option of cancelling the Charter. A Brokerage of per cent. on the estimated amount of Freight, Primage Dead Freight, and Demurrage due to Smith, Brown & Co., by the Ship, on the signment of this Agreement.

The Vessel to be addressed and reported by Smith, Brown & Co., or their Agents.

Witness to

FREIGHT is the charge made by the shipowner for the conveyance of goods from port to port. It is sometimes calculated by weight, but more frequently by measurement. If the latter, a ton by steamer is usually 40 cubic feet, and by sailing vessel 50 cubic feet.

The cubic contents of a package are ascertained by multiplying the outside measurements together. Supposing a

case measures 2 ft. 9 in. long, by 2 ft. 2 in. deep, by 1 ft. 8 in. broad, the calculations are :—

ft.	ins.
2	9
2	2
<hr/>	
5	6
	5 6
<hr/>	
5	11 6
1	8
<hr/>	
5	11 6
3	11 8 0
<hr/>	
9	11 2 0
<hr/>	

i.e., 9 feet 11 inches.

Forty shillings per ton for a steamer is equal to 1s. per foot, but it is usual to add a charge of 10 % for primage. If the case referred to above was charged at 40s. per ton and 10 % primage the cost would be :—

							s.	d.
Freight	..	..	..	..	..	..	9	11
10%	..	..	..	..	..	..	1	0
							<hr/>	
							10	11
							<hr/>	

EQUATION OF PAYMENTS (AVERAGE DUE DATE)

In connection with the export trade it is common practice for shipments made on different dates to be paid for by one bill of exchange drawn from the full amount on the average due date.

Supposing goods to have been delivered or shipped on March 4th value £80, on April 10th value £92, and on May 3rd value £65, the average due date would be ascertained by taking the first date as the basis, calculating the number of

days to each of the other dates, and multiplying the amount by the number of days in each case. The amounts and the products are then totalled and the products divided by the amount. This will give the number of days to be added on to that on which the first lot of goods were shipped in order to get the average due date, *e.g.* :—

Date.	Amount.	Days from March 4th.			
March 4	£80	×	0	=	
April 10	£92	×	37	=	3404
May 3	£65	×	60	=	3900
	<u>£237</u>				<u>7304</u>
					<u>.194</u>

Add thirty-one days to March 4th, and the average due date will be found to be April 4th.

QUESTIONS ON CHAPTER XIII

1. What is an *Indent*?
2. What do you understand by the term "*foul*" in connection with a *Mate's Receipt*?
3. Name the preliminary steps to be taken before making out an *Export Invoice*.
4. State what you know about *Charter Parties*.
5. What are the cubic contents of a package measuring 2 ft. 6 in long, 2 ft. 1 in. deep, and 1 ft. 11 in. broad?

CHAPTER XIV

INSURANCE

THE important business of *Marine Insurance* is carried on by companies formed for the purpose, and by individual

members of Lloyd's. It may be explained that *Lloyd's* is the name of a set of Subscription Rooms over the Royal Exchange in London, used by underwriters for the transaction of their business. It takes its name from the fact that an association of underwriters (insurers) formerly held their meetings at Lloyd's Coffee House, which was a place of meeting for old sea captains and others interested in shipping and insurance; but the coffee house has long since been pulled down and forgotten. "Lloyd's" is the centre in the metropolis for all sea insurance business of both ships and merchandise. Every species of intelligence respecting shipping is daily telegraphed there by its agents in all parts of the world, thus affording considerable facilities to the maritime interests of the country. The Act passed by the House of Commons, called "Lloyd's Act, 1871," accepts a code of by-laws made at Lloyd's, and confers upon the committee its powers of control.

A member of Lloyd's who takes upon himself "risks"—that is, one who underwrites on his own account—is required to deposit with the committee a large sum, either in cash or approved securities, as a guarantee of his *bona fides* and a safeguard for those who insure with him. In addition to this he pays a large entrance fee and an annual subscription of twenty guineas, or on a varying but reduced scale if he has been previously elected as a non-underwriting member.

Lloyd's issue an evening paper known as *The Shipping Gazette and Lloyd's List*. It gives a list of the vessels loading at the various ports in the kingdom, with the names of the places for which they are bound, the cargoes they are to carry, dates of sailing etc., and a variety of maritime information of interest to the general public.

Besides this, "Lloyd's Register," published annually and supplied to merchants and others subscribing, furnishes valuable and authentic information relating to ships, in both the navy and merchant service. It contains a register of the tonnage, age, build, ownership, classification, nationality,

character and condition of every ship whose owners conform to Lloyd's rules, an occasional supplement being issued as required by the necessary alterations and additions so as to keep the book up to date.

Marine insurance is conducted on the same principle as other insurance business, namely, the anticipation of possible pecuniary loss and its distribution among a number of persons liable to the same risk, instead of allowing it to fall on one person only. In consideration of the payment of a small sum, called a *Premium*, to the insurers, they undertake to make good any loss up to a certain amount, as specified in the agreement entered into by the *Insurers* and the person insuring who is styled the *Assured*.

The Insurance Contract or agreement is called the *Policy*, and the insurers are known as *Underwriters*, because they underwrite or subscribe their names at the foot of the policy, opposite the amounts for which they will be answerable to the Assured in case of loss.

Marine Insurance Companies will accept risk to almost any amount, but individual underwriters seldom take large risks, and it sometimes happens that as many as twenty or thirty underwriters are concerned in a single policy.

It is usual to employ a broker to effect an insurance at Lloyd's, and his method is to fill up a form known as an *Insurance Slip*, setting forth the nature of the goods to be insured; the amount; the name of the ship by which they are to be carried; particulars of the risk and the rate of premium the broker is prepared to pay; the ports of departure and destination; and the name of the person who is taking out the policy. The broker then takes the slip to various underwriters, who put down the amounts they are willing to underwrite or insure, and initial the slip. The policy is afterwards prepared, stamped as required by the revenue authorities, and presented for the signatures of the underwriters who initialled the slip. The amount of the risk accepted by the underwriter is called a *line*, and, as already stated, the sum is seldom large.

Sometimes an underwriter, if he considers that he has incurred too great a liability, or if he fears the loss of a vessel through bad weather, will effect a sub-insurance with other underwriters, at possibly a higher rate of premium than that originally paid. This is known as *Re-insurance*.

Upon the *Adjustment* or settlement of a claim for loss, the underwriters usually endorse the policy as follows:—

“Adjusted this loss at.....per cent., payable.....”

An *Open Policy* is one by which a provisional insurance of goods is effected for a certain sum, though the value of the goods insured is not definitely stated, but would have to be declared and proved in case of a claim for loss. The proved value of the goods is the sum for which the underwriters are liable.

Under this policy the Assured may usually effect a further insurance at the same rate, if he finds that the original sum will not cover the value of the goods. In the event of a claim being made, the *value* of the goods would include their first cost, shipping charges, the amount paid for insurance, and the freight also, if prepaid. If, however, the amount of the provisional insurance is found to exceed the proved value of the goods, the difference is known as an *Over Insurance*, to be deducted from the amount stated on the policy, and the Assured may claim the return of a proportion of the premium paid. *Short Interest* is a term frequently used instead of *Over Insurance*, there being little or no difference in the meaning of the terms.

A *Valued Policy* is one in which the value of the property insured is expressly declared. The amount so named is the sum for which the underwriter is liable in case of total loss, and he can only dispute it on the grounds of fraud.

A *Time Policy* is one by which an insurance is effected, not for a voyage, but for a specified period, say from noon of the 15th November, 1909, to noon of the 15th November, 1910. The period may not exceed twelve months.

A *Voyage Policy* is one by which the underwriters accept the risk of loss during a specified voyage. The clauses in

the policy determine the actual time at which the underwriters' liability begins and ends. "From Liverpool to New York" means that the insurance is to be in force only from the time of the ship's sailing from Liverpool to the time of her arrival at New York. "At and from Liverpool to New York" signifies that the goods are insured from the time they are put on board at Liverpool until the ship arrives at New York. "From Shore to Shore" indicates that the insurance will take effect from the time the goods leave the ground at the port of loading until they are unloaded at the port of destination.

A *Mixed Policy* is so called because it covers the insurance on a ship from and to certain places for a specified period, so that the policy is of the nature of a Voyage Policy and of a Time Policy, and is therefore chargeable with duty on both kinds.

A *Floating Policy* is much the same as an Open Policy, and is taken out when goods are to be shipped from a foreign port, the particulars of the goods and the name of the vessel not being definitely known to the person insuring. The declaration is made as soon as the necessary details are ascertained.

The word *Average*, when used in connection with Marine Insurance, means *loss*. When the captain of a vessel voluntarily sacrifices a part of the cargo, or some portion of the ship's fittings, as a mast, cable or anchor, in order to insure the safety of the ship and to preserve the rest of the cargo, the loss is borne proportionately by the owners of the vessel and the owners of the cargo, and is, therefore, a general loss, known as *General Average*. The risk of loss in this way is usually covered by the insurance policy.

When the loss is only partial, and has arisen in consequence of damage received from the ordinary perils incidental to a sea voyage, it must be borne by the owners of the damaged property, or, of course, by the insurers if the property be insured. Such a loss is, therefore, not a *general*, but a *particular* loss, and is called *Particular Average*.

When goods are insured *Free of Particular Average* (f.p.a.) the underwriters are only liable "*in case the ship, craft, or any conveyance, or the interest assured be stranded, sunk, burnt, on fire, or in collision,*" when a claim for Particular Average may be made, notwithstanding the inclusion of the f.p.a. clause in the policy.

Free of Particular Average Under—Per Cent. As relating to ships, this clause is inserted in the policy to protect the underwriters against trivial claims from the shipowners for any *slight* damage to a vessel during a voyage. Seeing, also, that some articles are extremely liable to damage from trifling causes, the underwriters insert this clause in the policy so as to free themselves from liability for average upon such articles unless the loss amounts to the specified percentage on the value of the goods.

When a policy contains the clause "*Free of all Average,*" the insurance is against *total loss* only, and no claim can be enforced for either general or particular average.

The *Warranty* in Marine Insurance means the expressed or implied conditions undertaken by the Assured, failure to comply with which would invalidate the contract. The *expressed* conditions usually include the nature of the cargo, the character of the vessel, etc., while the *implied* conditions are that there shall be no unnecessary deviation from the usual course of the voyage, or unreasonable delay in proceeding to the port of destination; and that the voyage is a legal one.

In a Voyage Policy it is also an implied condition that the vessel shall be *sea-worthy* when the risk accepted by the underwriter begins. This means that "the ship shall be in a fit state as to repairs, equipments, crew, and all other respects for encountering the ordinary perils of the voyage insured at the time of sailing upon it"; but sea-worthiness is not an implied condition in the case of a Time Policy.

The document setting forth the particulars of claims for average is known as an *Average Statement*, and is usually prepared by a person of special skill and experience in Marine

Insurance business, who is called an *Average Stater* or *Average Adjuster*.

The stamp duty on a voyage policy of Marine Insurance is one anna when the premium does not exceed $\frac{1}{8}$ %, and in other cases 2 as. for every 1,000 rupees or fraction thereof.

The captain of a ship is agent for the owners, and during the course of a voyage, when it is impossible for him to apply to his principals for explicit instructions in an emergency, he has the right to take such steps for the safety of the ship and cargo and to enable him to complete the voyage as he may deem necessary, his actions in these circumstances being binding upon the shipowners.

For example, if the captain had to take his ship into port for repairs which were necessary before he could proceed on the voyage, he would have authority, if he could raise the money in no other way, to borrow it on the security of the ship or cargo. When the amount is borrowed on the security of the ship, the document containing the formal agreement for the loan is known as a *Bottomry Bond*, because the keel or bottom of the ship is supposed to be pledged as representing the whole of it. When the *cargo* is named as security, the legal instrument is known as a *Respondentia Bond*. The terms, however, are commonly regarded as synonymous.

The lender of the money on either of these bonds usually stipulates for a high rate of interest, because he agrees to forego all claims for repayment of the loan if the ship should be lost. This method of obtaining money is therefore rarely resorted to, the captain preferring to draw a bill on the shipowners for the sum required, or, if that cannot be done, to sell as much of the cargo as will bring in the necessary amount.

Life Insurance is the principal business of many insurance companies. In this class of insurance the company enters into an agreement with a person insured to pay at his death, in return for the payment by him of a stipulated premium,

a stated sum of money, either to his nearest relative or to some other person designated by him. In some cases a system of endowment is arranged, by which the person insured may receive the amount of insurance during his lifetime.

Many business firms insist that their cashiers, collectors, and others through whose hands large sums of the firm's money pass regularly, shall give a guarantee that such money shall be faithfully paid in to the firm. The persons immediately concerned are seldom in a position to give this guarantee themselves, but the matter can be easily arranged with one of the insurance companies who are willing to accept a risk of this kind on payment of an agreed rate of premium. This is called *Fidelity Insurance* or *Fidelity Guarantee*.

It is well known that a workman may obtain compensation for injuries received through no fault of his own in the course of his ordinary employment, and many employers, to provide against the possibility of heavy loss in this way, arrange with an insurance company to undertake the risk in their stead. This is known as *Employers' Liability Insurance*.

Similarly, insurances may be effected against loss by damage to valuable plate-glass windows, pictures, etc. Indeed, the business of insurance has developed to such an extent that almost any contingency may be provided against by arrangement with one or other of the companies now in existence. In all cases, the policy of insurance, properly filled up, stamped and signed, forms the contract of agreement between the parties.

This section of our work may be concluded with a few words on the insurance of goods against fire in the various dock and other public warehouses. The duty of insuring goods stored in the public warehouses against loss by fire is one which devolves upon the owner of the goods, except in some few instances, where the dock and wharf rates include fire insurance for a time. Mercantile insurance is generally

effected through agents who make this their sole business. The rates charged are fixed by the companies which are associated together for this business, and they vary according as the goods to be insured are only an ordinary risk, or are hazardous, extra hazardous, etc. A tariff of these rates is published by the association, which also employs persons to make occasional inspection of the warehouses, and to take such steps as may be necessary to protect the companies against undue risk, such, for example, as having extra hazardous goods stowed in the same place with goods of a less hazardous nature, or in places in which only an ordinary rate of premium is being paid.

The practice with merchants is to take out policies covering the various warehouses in which they have goods placed, in some instances covering all the warehouses in a port, for such a sum as will cover the value of the goods they generally have in hand at any one time, and to some one clerk the duty of attending to this "floating policy" is delegated. Such duty would entail daily watchfulness to ensure the value of goods in the warehouses never exceeding by any appreciable sum the amount of the policy, as the rule of averages applies to these as to most other insurances.

For example, A. B. & Co. have tea valued at £15,000 in the Calcutta tea warehouses, with a floating policy over these places for £12,000. Should a fire break out in any one warehouse, destroying tea belonging to them to the value of £1,500, they could only recover from the fire insurance companies the proportion represented by their insurance, namely, £1,200. In other words, as they were only insured for four-fifths of the value of their goods, they could only recover four-fifths of their loss.

The rates charged for these policies vary from four or five rupees to seventeen or eighteen rupees per cent., and a merchant holding such a policy repays himself for the outlay in premium by charging a proportionate part to each lot of goods coming under it, according to their value, and the time they remain housed in his care.

QUESTIONS ON CHAPTER XIV

1. State what you know about *Lloyd's*.
2. Explain the terms *Premium*, *Insurer*, and *Assured*.
3. Explain the method usually adopted in order to effect an insurance at *Lloyd's*.
4. Name and explain the various kinds of *Policies*.
5. What do you understand by *General Average* and *Particular Average*?
6. Upon whom does the duty of insuring goods stored in a public warehouse usually fall?

AN EXPORT TRANSACTION

Buyer : Mr. A. E. Atkins, Invercargill, New Zealand.

Sellers : The Handy Pick and Machinery Co., Ltd., Heeley, Sheffield.

SUMMARY

Mr. Atkins, General Merchant, of Invercargill, New Zealand, addresses an inquiry to the Handy Pick and Machinery Company, of Sheffield, in reference to the supply of special machinery used in the mining industry. A suitable reply is forwarded, giving the required information and soliciting an order, a copy of the firm's catalogue and price list being despatched under separate cover. The quotation is found satisfactory, and an order is placed. Its receipt is acknowledged and the order put in hand for execution in the works. When ready, the machine is packed in one case and the sundry additional parts in another, and the two cases forwarded by rail to the Royal Albert Docks, London, for shipment to New Zealand. A Shipping Advice Note is sent by post to the Shipping Agents, who undertake the necessary duties of taking out Bills of Lading, effecting insurance, making out Customs' documents, etc. These formalities having been completed, the bills of lading and insurance policy, together with an account of charges, are sent to the sellers, who are then in a position to make out the invoice. The details of forwarding charges, etc., are shown in a separate account (the goods

having been sold f.o.b.), and a statement is made out, showing the total amount due. These documents, with the bills of lading and insurance policy, are enclosed with a letter to the buyer advising shipment. The cases having been delivered in due course, the buyer acknowledges their safe arrival, and remits a demand draft on the Anglo-Australian Bank, Limited, London, in settlement.

Documents and Correspondence :—(1) Letter of inquiry, requesting quotation ; (2) Letter quoting terms and prices ; (3) Letter covering order ; (4) Order ; (5) Post card acknowledging receipt of order ; (6) Invoice ; (7) Shipping Advice Note ; (8) Bill of Lading (facsimile) ; (9) Freight note ; (10) Letter from Shipping Agents, advising shipment ; (11) Invoice for charges, etc. ; (12) Statement ; (13) Particulars for Insurance Policy ; (14) Letter advising shipment, and enclosing documents ; (15) Letter acknowledging delivery, and enclosing draft ; (16) Draft ; (17) Letter acknowledging receipt of draft.

(1) Letter of Inquiry

A. E. ATKINS,

Importer of Mining Machinery,
Rock and Coal Boring Machines,
Disintegrators,
Screens,
Elevators, etc.

Invercargill,
NEW ZEALAND,
1st Nov., 19..

The Handy Pick & Machinery Co., Ltd.,
Heeley, Sheffield.

Dear Sirs,

I shall be pleased if you will furnish me with your lowest quotation for a Disintegrator, with the necessary rings.

I have one of your illustrated catalogues, but I am afraid it is somewhat out of date. If you can let me have a photograph of the machine it will be useful, but if you have not got a photograph you might enclose a rough sketch, showing dimensions.

I expect to be in a position to place orders for at least four Disintegrators within the next few months, and I trust you will take this into consideration when submitting your prices.

Yours faithfully
A. E. ATKINS.

(2) Quotation

The Handy Pick & Machinery Co., Ltd.,
Patentees & Sole Makers of the "Excelsior"
and "Unique" Picks.

Telegraphic Address :
"Pick," Sheffield.

Telephone : No. 186.

SHEFFIELD,
10th December, 19.

A. E. ATKINS, Esq.,
Invercargill, N.Z.

Dear Sir,

In reply to your inquiry of the 1st ultimo we beg to quote you as under, viz. :—

1 No. 1 "Dreadnought" Disintegrator,	£36 less 10 %
3 prs. " No. 1c Disintegrator. Rings	£3 per pr.
1 pr. " No. 2c	£4 "
1 " " No. 2c Medm. " "	£4 "

Delivered in London or other English port. Usual terms
Packing charged at cost.

We enclose herewith a photograph of the Disintegrator, and
are sending you per same mail, under separate cover, a copy of the
latest edition of our Illustrated Catalogue.

Your orders will be greatly esteemed, and shall have our best
attention.

Yours faithfully,
THE HANDY PICK & MACHINERY CO., LTD.,
S. WHITELEY,
Manager.

(3) Letter Covering Order

A. E. ATKINS,
Importer of Mining Machinery,
Rock and Coal Boring Machines,
Disintegrators,
Screens,
Elevators, etc.

Invercargill,
NEW ZEALAND,
1st February, 19.

The Handy Pick & Machinery Co., Ltd.,
Heeley,
SHEFFIELD,

Dear Sirs,

I have to acknowledge the receipt of your favour of the
10th December, with quotation, and also of your Illustrated Catalogue,
for which I am obliged.

Enclosed please find formal order, to which I trust you will
give your best attention.

Yours faithfully,
A. E. ATKINS.

(4) Order

From A. E. ATKINS,
 Importer of Mining Machinery,
 Rock, Coal, and
 Boring Machines, etc.
 INVERCARGILL, N.Z.

To THE HANDY PICK AND
 MACHINERY CO., LTD.,
 Heeley,
 Sheffield.

1st Feb., 19..

Please forward the undermentioned goods per first steamer from London, prepaying freight, and effecting insurance at 15 per cent. above invoice value, plus freight and insurance.

Yours faithfully,
 A. E. ATKINS.

1 No. 1 "Dreadnought" Disintegrator		
3 pairs 1c	"	Rings
1 pair 2c	"	"
1 " 2c Medium	"	"

(5) Post Card

SHEFFIELD,

24th March, 19..

The Handy Pick & Machinery Co., Ltd.,
 Patentees & Sole Makers of the
 "Excelsior" and "Unique" Picks.

Telegraphic Address:
 "Pick," Sheffield.

Telephone: No. 186.

A. E. ATKINS, Esq.,
 Invercargill, N.Z.

Dear Sir,

We thank you for your esteemed order, and same shall have our prompt attention.

Yours truly,

THE HANDY PICK & MACHINERY CO., LTD.


SHEFFIELD, 29th March, 19..

Messrs. F. Fisher & Sons, London,

We beg to subjoin particulars of Goods forwarded per M. Ry. carriage paid to Royal Albert Dock, London, which please forward immediately as directed below, charging freight, duty, etc., to us.

Yours truly,

THE HANDY PICK & MACHINERY CO., LTD.

Packages.	Marks.	Description.	Gross.			Tare.			Net.			Value.		To be Consigned.
			c.	q.	lb.	c.	q.	lb.	c.	q.	lb.	£	s.	d.
1 Case 2' 10" x 2' 8½" x 2' 5"		Crushing Machinery	7	0	12	1	0	12	6	0	0	51		
1 Case 2' 9½" x 2' 9" x 1' 2"	 Invercargill, N.Z.	Iron Rings for Crushing Machinery	6	3	24	3	12	6	6	0	12	0	0	

(9) Freight Note

Telegrams :
 "Fisher," London.
 Telephone : No. 182.

LONDON,
 31st March, 19..

M The Handy Pick & Manufacturing Co.

DR. TO F. FISHER & SONS,
 Shipping and Forwarding Agents.

<div><div>1/2</div><div><div>A.E.A.</div><div>I.</div></div><div>Invercargill, N.Z.</div></div>	2	<div>To freight on Cases shipped per SS. "Arab" as per B/L Insurance on £65 @ 5/- p.c. and stp. B/L and Charges</div>			
			2	6	8
				3	6
				3	2
			<u>£2</u>	<u>13</u>	<u>4</u>
		<div>E. & O.E.</div>			

(10) Letter from Forwarding Agents, advising Shipment

FISHER & CO.,
 Shipping and Forwarding Agents.

LONDON,
 21st March, 19..

Telegrams :
 "Fisher," London.
 Telephone : No. 182.

The Handy Pick & Manufacturing Co., Ltd.,
 Heeley,
 SHEFFIELD.

Dear Sirs,

In accordance with your instructions we now beg to advise shipment of the following, viz. :—

2 Cases Machinery

$\frac{1}{2}$ 

Invercargill,
 N.Z.

per S.S. "Arab" for New Zealand, sailing on Monday next.

Enclosed we have the pleasure to hand you Bill of Lading in triplicate, Policy of Insurance and Freight Note.

Awaiting your further esteemed favours,

We remain,

Yours faithfully,

F. FISHER & SONS.

(11) Invoice for Charges, etc.

Heeley, SHEFFIELD,


1st April, 19..

1. E. Atkins, Esq.

DR. TO THE HANDY PICK & MACHINERY CO., LTD.,

Patentees and Sole Makers of the "Excelsior"

Telegraphic Address : and "Unique" Picks.
"Pick," Sheffield.

 1/2 Invercargill, N.Z.		To Freight as per B/L	2	6	8
		„ Insurance and Stp.		3	6
		„ B/L and Charges		3	2
			£2	13	4

(12) Statement

Telegraphic Address :
"Pick," Sheffield.

1st April, 19..

Mr. A. E. Atkins,
Invercargill, N.Z.

DR. TO THE HANDY PICK & MACHINERY CO., LTD.,

Patentees and Sole Makers of the "Excelsior"

and "Unique" Picks.

		To Goods	50	13	4
		„ Freight, etc.	2	13	4
			£53	6	4
		E. & O. E.			

(13) Particulars for Insurance Policy

31st March, 19..

Insured : F. Fisher & Sons.

At and from : London to Invercargill, N.Z.

Per S.S. "Arab."

No. 18266. Value £65.

Premium : 5/- p.c.



1/2

Invercargill, N.Z.

(14) Letter to Buyer, advising Shipment, etc.
 THE HANDY PICK & MACHINERY CO., LTD.,
 Patentees and Sole Makers of the "Excelsior" and
 "Unique" Picks.

Telegraphic Address :
 "Pick," Sheffield.
 Telephone : No. 186.

SHEFFIELD,
 1st April, 19..

A. E. ATKINS, Esq.,
 Invercargill, N.Z.

Dear Sir,

Confirming our respects of the 24th ult., we have pleasure in advising shipment, per S.S. "Arab," sailing on Monday next, of 2 cases Mining Machinery, marked and numbered as at foot hereof, which we trust will reach you safely and meet with your approval.

Enclosed we beg to hand you B/L in triplicate, Insurance Policy, Invoices, and Statement, for the amount of which we shall be pleased to receive your draft on London as usual.

Awaiting your further esteemed favours, which shall have our most careful attention,

We remain, dear Sir,

Yours faithfully,
 THE HANDY PICK & MACHINERY CO., LTD.,
 S. WHITELEY,
 Manager.

2 Cases Mining Machinery

1/2



Invercargill, N.Z.

(15) Acknowledging Delivery of Machinery, etc.

A. E. ATKINS,
 Importer of Mining Machinery,
 Rock and Coal Boring Machines,
 Disintegrators,
 Screens,
 Elevators, etc.

Invercargill,
 NEW ZEALAND,
 6th June, 19..

The Handy Pick & Machinery Co., Ltd.,
 SHEFFIELD.

Dear Sirs,

I am obliged by your promptness in forwarding disintegrator, which was delivered a few days ago, in apparent good order and condition.

It will not be possible to get this into working order for at least a month, but when my clients have had an opportunity of thoroughly testing it, I will communicate with you again.

I have the pleasure to enclose draft on London for £53 6s. 4d., and shall be glad to have your receipt in due course.

Yours faithfully,

A. E. ATKINS.

(16) Draft

No. 122.

£53 : 6 : 4.

Dunedin,

NEW ZEALAND,

6th June, 19..

On demand pay this First of Exchange (Second of even tenor and date being unpaid) to the order of the *Handy Pick & Machinery Co., Ltd.*, the sum of *Fifty-three pounds six shillings and four pence Sterling*, value received, which place to account as advised.

For the United Bank of New Zealand,

Wm. Carver,

Accountant.

To the Anglo-Australian Bank, Ltd.,
London.

(17) Letter Acknowledging Receipt of Draft

THE HANDY PICK & MACHINERY CO., LTD.,

Patentees and Sole Makers of the "Excelsior" and
"Unique" Picks.

Telegraphic Address:

"Pick," Sheffield.

Telephone: No. 186.

SHEFFIELD,

16th July, 19..

A. E. ATKINS, Esq.,

Invercargill, N.Z.

Dear Sir,

We have to acknowledge the receipt of your favour of the 6th ultimo, enclosing draft on the Anglo-Australian Bank for £53 6s. 4d., for which we are much obliged.

We await your further communication as the result of a trial of the machine. We feel sure your clients will be satisfied with the way in which it does its work, as it is a machine on which we have spent a great deal of time and trouble in order to secure the best results. We have sent several similar machines to Australia, and also to South Africa, and the result has invariably been that we have received repeat orders.

Trusting to receive your further esteemed commands,

We remain,

Yours faithfully,

THE HANDY PICK & MACHINERY CO., LTD.

S. WHITELEY, Manager.

PREPARING EXPORT INVOICES

When goods are sold *loco* it signifies that the purchaser buys them as they stand in the warehouse of the seller, and any expense incurred in the delivery must be borne by the buyer. A loco invoice therefore contains particulars as follows:

60 pcs. 46" Loom Damask Tabling 40/55, 20/59 = 3,380 yds. at 5 $\frac{1}{4}$ d. ..				80	19	7
Charges—						
Packing		10	6			
Carriage to Port		5	0			
Freight, 3' 6" x 2' 4" x 3' 2" — 25 ft. 10 ins. @ 40/- per ton and 10 p.c. primage	1	7	5			
Marine Insurance on £100 at 6/8 p.c. F.P.A. and stp.		6	9			
				2	9	8
				<u>£83</u>	<u>9</u>	<u>3</u>

In order to quote for the goods f.o.b. it would be necessary to take:—

Cost of goods	£80	19	7
Packing		10	6
Carriage to port.. .. .		5	0
	<u>81</u>	<u>15</u>	<u>1</u>

Dividing this amount by the number of yards £81 15s. 1d.
÷ 3,380 = say 5 $\frac{1}{16}$ d.

The f.o.b. invoice would then be made out with the following particulars shown:—

60 pcs. 46" Loom Damask Tabling 40/55, 20/59 = 3,380 yds. f.o.b. at 5 $\frac{1}{16}$ d.				81	17	2
Charges—						
Freight on 25' 10" at 40/- per ton and 10 p.c. primage	1	7	5			
Insurance (as in loco invoice)..		6	9			
				1	14	2
				<u>£83</u>	<u>11</u>	<u>4</u>

If a c.i.f. quotation is required, the gross amount of the loco invoice would be divided by the number of yards, in order to quote a price per yard which would include all charges up to the port of delivery. The invoice would contain one item only :—

60 pcs. 46" Loom Damask Tabling 40/55,
 20/59 = 3,380 yds. c.i.f. @ 5 $\frac{1}{2}$.. £83 12 5

A Franco invoice would give the measurements and money in the foreign equivalent. For example, if the goods were being exported to France, instead of being charged as 3,380 yards they would be given as 3090·67 Metres. Supposing the rate of exchange to be 25·20, and the duty and forwarding charges from the port of arrival to the buyer's premises to be 309 Francs, the calculation necessary for Franco quotation would be as follows :—

	Fcs.
Loco invoice £83 9s. 3d. @ 25·20	= 2103·25
Add duty and forwarding charges	= 309·00
	<u>2412·25</u>

241·25 3090·65—Fcs. 0·78 per metre, i.e. :—

	Fcs.
60 pcs. Loom Damask Tabling	=
3090·65 Metres @ 0·78	<u>2410·70</u>

CHAPTER XV

PRIVATE FIRMS AND PUBLIC COMPANIES

EVERY business, whether public or private, is conducted under some particular title, called the *name of the firm*. This name may be (1) That of a single individual, to whom the business belongs, as, *Murari Lal*; (2) the combined names of two or more individuals, as, *Messrs. Mitra, Ahmuty and Sons*; or (3) any title which it may be found advisable to adopt, as, *The Malleable Iron Manufacturing Company*.

A *Partnership* is a combination of two or more persons in a business for profit. An *Active* partner is one who takes an active or working part in the business ; a *Nominal* partner is one who does not take an active share in the working of the business, though he allows his name to appear in the title of the firm ; while a *Sleeping* or *Dormant* partner is one who invests money in the concern, but neither takes an active part in it nor allows his name to appear in the title by which it is known.

The act of one partner is binding upon the others, providing it be done in the ordinary course of the firm's business. Each partner is liable for the debts contracted by the firm after he becomes a member of it, though he is not liable for debts previously existing, nor for those contracted after his retirement from the partnership. An active or a nominal partner must give public notice of his retirement, though a sleeping partner need not do so, except to those who were aware of his connection with the firm.

A *Company* or Co-partnery is an association of two or more persons for the purpose of carrying on any undertaking, trade, or business.

The affairs of Companies in India are regulated by the Indian Companies Act, 1913. The number of partners is limited to ten in the case of an Association for the purpose of Banking and to twenty in the case of a Trading Association.

A *Public* or *Joint-Stock Company* is an association of persons for the purpose of profit, with a capital divided into shares, each member being at liberty to transfer his share or shares in the concern without the consent of the other members. It is called a Public or Joint-Stock Company because the members or shareholders are made up of all persons who choose to take up shares and join their subscriptions to form a common capital, and because it is governed by certain regulations laid down by the Companies Act. A public company is managed by a *Board of Directors*, elected at stated periods from among the general body of shareholders, the

manager of the concern, who directs and controls the general work, being known as the *Managing Director*.

A public company may be either an *Unlimited Liability Company* or a *Limited Liability Company*. When it is *unlimited*, every shareholder is liable to his last penny for the debts of the concern; but when it is *limited*—and this fact is always indicated by the conclusion of the word “Limited” in the company’s title—the liability of each shareholder does not exceed the amount of the shares he has subscribed for.

Sometimes a public company has the words “Limited and Reduced” at the end of its title. This means that the capital with which the company started, or for which shares were originally issued, has been reduced. The reduction is decided upon when it is found that the carrying on of the business does not require so large an amount as was anticipated. The reduction may be effected in several ways. For instance, the excess may be returned to the shareholders in proportion to the amount subscribed; or the normal value of the shares issued may be reduced, a £10 share with £6 paid upon it being reduced to a £6 share fully paid up.

The amount subscribed or guaranteed by the shareholders in a public company is called the *Subscribed Capital*, while the amount actually paid on account of the shares held is known as the *Paid-up Capital*. When the shares are allotted they are rarely paid for at once, the general rule being that a portion of the total value shall be paid immediately on allotment and the remainder by *Calls*, or demands for payment, at stated intervals, or at times such as may be considered necessary by the board of directors.

Any seven or more persons may unite to form a Joint-Stock Company for any lawful purpose, by signing a *Memorandum of Association* and registering the company according to the requirements of the companies Acts. The Memorandum of Association must set forth the objects for which the company is being formed; the name of the concern with the word “Limited” as the last word; the amount proposed as the capital; the number and names of the shares

to be issued; the place where the Registered Office of the Company is to be situated, and the particular business which it is intended to carry on. No business can be legally entered upon which is not specified in the Memorandum of Association, unless by special resolution and the sanction of the court.

It is usual to have also a set of *Articles of Association*, which are signed by those who sign the Memorandum, and constitute the rules according to which the company is to be regulated.

Both the Memorandum and the Articles must be impressed with a deed stamp, varying according to the company's capital, and the documents deposited with the Registrar of Joint-Stock Companies for registration. When all the legal requirements have been fulfilled, the company is granted a certificate of incorporation and assumes a personality quite distinct and apart from that of the individual shareholders. Thus it is the *company* which transacts business with others, and it is the property of the company and not of the shareholders against which creditors must proceed to enforce their claims.

After a company has been formed and registered it is usual to issue a *Prospectus*, containing an outline of the constitution and projected operations of the company, as a means of inducing the public to become shareholders. With the prospectus is sent a form of application for shares, and this, when filled up by the applicant, is forwarded, together with a deposit of so much per share, to the banker named in the Prospectus, who gives a Deposit Receipt for the amount.

The directors then meet and decide upon the number of shares to be assigned to each applicant, their decision being communicated by means of a *Letter of Allotment*.

When the applications for shares are considerably in excess of the number offered to the public, the Letter of Allotment is sometimes accompanied by a *Letter of Renunciation*. By signing this document and returning it to the directors, the

allottee, that is, the person to whom shares have been allotted, renounces his right to the allotment should he desire to do so, as is occasionally the case.

Where the application for shares has been refused, a *Letter of Regret* is sent to the applicant, stating that no allotment has been made to him, and, of course, the amount of his deposit is returned.

The Letter of Allotment and the Banker's Deposit Receipt are afterwards exchanged for the *Share Certificate*, which shows the number of shares held and the amount paid on account of them.

There must be at least one general meeting of the members of a company in every year, and the first of such general meetings must be held within three months of the date of registration. A *Register* of all the members must be kept correctly posted up, showing the number of shares held by each, and the date of their purchase. The register may be inspected free of charge by a shareholder, and by anyone else on payment of one rupee. The register is, however, periodically closed for a time to permit of dividend warrants being prepared and issued. At this period the books are said to be *Shut for Dividend*. A register may not be closed for more than thirty days in any one year, and then only when public notice has been given by advertisement in some newspaper circulating in the district in which the registered office of the company is situated.

QUESTIONS ON CHAPTER XV

1. What is a *Partnership* ?
2. Explain the terms *Active*, *Nominal* and *Sleeping*, as applied to partners.
3. How many kinds of *Companies* are there ?
4. How is a *Public Company* managed ?
5. What is the meaning of "*Limited and Reduced*" in the title of a Company ?
6. Define the terms *Subscribed Capital* and *Paid-up Capital*.
7. What is a *Prospectus* ?
8. What is meant by *Shut for Dividend* ?

CHAPTER XVI

THE WORLD'S CURRENCIES

IN a rude state of society, exchanges were made by bartering one article for another according to some kind of understood value ; but, when division of labour first began to take place, this custom of exchanging must frequently have clogged and embarrassed business movements. In order to avoid the inconveniences attending barter, every prudent man, after the first establishment of division of labour, endeavoured to keep by him a certain supply of some commodity, which few people would be likely to refuse to exchange for the produce of their industry.

Many different commodities were employed for this purpose, such as cattle, salt, shells, tobacco, leather, etc. In all countries men, at last, fixed upon the metals as the commodity for effecting exchanges ; and different metals have been made use of by different nations for this purpose. Iron was the common instrument of exchange among the ancient Spartans ; copper, among the ancient Romans ; gold and silver, among all rich and commercial nations.

These metals were originally made use of for commercial purposes, in the form of rude bars, without any stamp or coinage ; but, at length, to obviate the trouble of weighing and testing the metal bars, they were converted into coined money, by bearing a public stamp of some kind.

GOLD and SILVER are chiefly brought into this country in the form of bars ; and, in this rude state, are commercially known as *bullion*.

We import *gold* from Australia, South Africa, the United States, and a few other countries ; while silver is chiefly obtained from the United States and Mexico ; more than three-fourths of the world's supply being mined in those two countries.

It is customary to estimate the purity of gold by an imaginary standard of twenty-four carats ; the carat being a small weight of four grains in universal use. It originated in

the carat, a small bean employed by the Abyssinians for weighing gold and diamonds. If, in a piece of gold weighing twenty-four carats, there are four parts of alloy—either silver or copper, the gold is said to be twenty carats fine. Perfectly pure gold is never seen either in coins or jewellery, for it is too brittle to be wrought, and requires a little alloy to render it malleable.

The Gold of our currency is coined at the London mint and forwarded to the Government of India treasuries.

In coining silver, government makes a profit called *Seigniorage*, of about 50 per cent. on the bullion value of silver, which is coined into rupees with a certain proportion of alloy; the market value of the silver being less than thirty shillings. Hence, silver coins are merely *tokens* representing a certain weight of gold, which they are by no means intrinsically worth.

The BRONZE COINAGE, consisting of pice and half-pice, and also pies, is coined out of an alloy consisting of copper, tin, and zinc; and these are but *tokens*.

BRITISH INDIA has since 1899 had a gold standard. The *rupee* of sixteen annas, which was formerly worth about 2s., is now only equivalent to 1s. 4d. in English money or at the rate of 15 to the sovereign. There are *gold coins* in India equal in value to five, ten, fifteen, and twenty rupees; and the government issues currency notes in Calcutta, ranging in value from five rupees to ten thousand rupees, secured by gold deposited to the credit of the Indian government, in London.

The Rupees 10 notes are more commonly used than those of any other denominations. Calcutta, Madras, Bombay and Rangoon are the head offices of issue, with subordinate offices at Allahabad, Lahore, Calicut, and Karachi. Silver coin may be exchanged for paper currency at any office, but gold bullion and gold coin can only be exchanged for paper at the head offices in Bombay and Calcutta. Up to 1893, thirty-four of the Native States possessed the right of issuing their own coins, but this privilege has in most cases lapsed.

The currency of the UNITED KINGDOM consists of a gold

sovereign equivalent to 15 of our rupees, and gold half-sovereigns. The sovereign is divided into twenty shillings of silver. Other silver coins are the crown or five-shilling piece, the half-crown, the florin or two-shilling piece and the sixpence. The shilling is divided into twelve pence. The bronze coinage consists of pennies, halfpennies and farthings.

In the UNITED STATES, the unit of commercial value is the *dollar* of one hundred cents, worth about Rs. 3. as. 1 of Indian money. The coins in common use are the *cent*, made of bronze, and representing in value our halfpenny; the half-dime, or five cent piece, of nickel; and the dime, or ten cent piece, of silver. In addition to the above there are quarter dollars, half-dollars, and dollars of silver. The principal gold coin is the eagle of ten dollars; and the other gold coins in circulation are the quarter eagle, half eagle, and double eagle.

Money is quoted in dollars and cents; that is to say, \$365.875 is read three hundred and sixty-five dollars eighty-seven and a half cents; not thirty-six eagles five dollars eight dimes seven cents five mills.

In addition to the gold, silver, and nickel coins, the United States has in circulation about three hundred and fifty million dollars in "greenbacks," the remnant of the forced paper currency of the civil war; about one hundred and fifty million dollars in treasury notes, issued in payment for silver bullion; gold certificates, in denominations of not less than twenty dollars, issued upon deposits of gold; national bank notes, and other forms of paper currency; but the one met with most commonly of all these is the "greenback"

The currency of CANADA is, in form, similar to that of the United States; but Canada has no gold coinage of her own. The gold coins of the United States and Britain pass current and are legal tender. The silver coins are similar to those of the United States, except that there is no silver dollar and there is a silver five cent piece.

The *notes* issued under the authority of the Dominion are for one, two, or four dollars, redeemable on demand in gold; and bank notes are issued by the chartered banks for sums

not less than five dollars. The Canadian one, two, and four dollar bills are equal in value to the very best securities, because they are issued by the Canadian Government, and are covered by actual gold and silver in the treasury.

The monetary system of AUSTRALIA is the same as that of Great Britain. Coins struck at Melbourne and Sydney, however, can be distinguished from those struck in London, because they bear minute "mint marks"; the letter **S** being on the Sydney coins and the letter **M** on those struck in Melbourne.

The GERMAN EMPIRE has now a gold standard, with the *mark*, value about 11 as. 9 p. as the monetary unit. The smallest *gold coin* is the five-mark piece; and the silver coins are five, two, and one-mark pieces, and 50 and 20 pfennige.

The *paper money* of Germany includes the imperial treasury notes, payable in gold, and the bank notes of the Reichbank, an institution with individual shareholders, but largely under the control of the government. The issue of notes of less denomination than one hundred marks is not permitted.

In AUSTRIA-HUNGARY the government has adopted a gold standard with the *crown*, value about 10 as., as the unit. The *gold coins* consist of a ten crown piece and a twenty crown piece, and the *silver coins*, or tokens, of a crown and half-crown piece; but, as a matter of fact, there is very little metallic money in circulation. However, the paper money is in process of being withdrawn.

The money most in use in Austria-Hungary consists of an irredeemable *paper currency* issued by the Austro-Hungarian Bank in denominations of ten, one hundred, and one thousand florins of R 1. 7½ as. and, by the treasury, in smaller denominations.

The LATIN UNION, which includes *France, Belgium, Italy, Switzerland, and Greece*, has a single gold standard with a monetary unit of the value of about 9 as. 6 ps. which is divided decimally. This is called a *franc* in France, Belgium, and Switzerland, a *lira* in Italy, and a *drachma* in Greece. The smallest *gold coin* in France is the five franc piece; the

silver coins are the franc, half franc, one-fifth franc, and two franc pieces; and the coins of any one of these countries are at par in the others.

France issues *bank notes* through the Bank of France.

Belgium issues *bank notes* through the Bank of Belgium, payable to the bearer at sight, while individuals and associations are free to issue bank notes on their own responsibility.

Italy has no State bank; but there are in that country several banks which are authorised to issue notes payable on demand, the smallest denomination being fifty lire, equal to fifty francs, also small notes, issued by the State, for 5, 10, and 25 lire.

Switzerland has now a State bank with central offices at Bern and branches throughout the country.

Greece has three banks, authorised to issue notes on such a very low gold and silver reserve, that for many years gold has been at a premium.

Spain has the silver *peseta*, equivalent to the franc, as a monetary unit. It has the same gold and silver coins as the countries of the Latin Union. The only *bank of issue* in the country is the Bank of Spain, a private institution, with certain government restrictions. Its smallest note of issue has the value of twenty-five pesetas or about that of an English sovereign.

The Scandinavian Monetary Union embraces Sweden, Norway, and Denmark, and here the krone, or crown, of one hundred öre, value about 13 s. 3 ps. is the monetary unit. The *gold coins* are ten kroner and twenty kroner pieces, and the *silver coins* are the two kroner, the krone, and the fractional currency.

Sweden has a bank of issue entirely under the control of the State; and joint-stock banks are also permitted to issue notes under certain restrictions favourable to the monetary system.

Norway has one bank of issue, a joint-stock bank, with the State as the principal shareholder.

Denmark issues notes through a State bank.

In the Netherlands and Java the monetary unit is the guilder or *florin* of one hundred cents, value about R 1. 4 as. The Bank of the Netherlands, situated at Amsterdam, has the exclusive right to issue notes.

Russia takes the *silver rouble* of one hundred kopecks, value about R. 1 8 as. as the monetary unit. The *gold* coins are the imperial, equal to ten roubles, and the half-imperial. The National Bank of Russia issues paper money denominations of one, three, five, ten, twenty-five, and one hundred roubles.

In Portugal the gold escudo of 1,000 reis, value about Rs. 3 5 as. is the monetary unit.

The monetary unit of Turkey is the pound (£T) of one hundred piastres, value about Rs. 13 8 as. and the only bank of issue is the Imperial Ottoman, the notes of which are payable exclusively in gold.

The money unit of Egypt is the pound (£E) of one hundred piastres, value about Rs. 15 3 as.

The currency of China is made from an alloy of copper, iron and tin. In all large transactions silver, by weight, is the medium of exchange, the Mexican dollar being used in the south, and ingots, called shoes, in the north. There are large numbers of private banks, which issue notes upon their own authority for local circulation.

In Japan the legal money is the *yen* of one hundred sen, which, however, is not coined. Trade among the Japanese is carried on to a large extent by paper money, issued under the authority of the government.

Mexico has a single silver standard; the *Mexican dollar*, or peso of one hundred centavos, value about Rs. 1½. being the unit. A piece of money of identical value to this, under the name of piastre, is the current coin of several countries in America, Asia, and Africa. There are also gold coins in circulation, the smallest being one peso.

The Central American Republics have banks, but the metallic currency is largely Mexican.

Of the South American States, it may be said that Chile is on a silver basis, so far as specie is concerned; but the

real medium of exchange is a depreciated paper currency. The unit is the *peso* of one hundred centavos, equal to the five franc piece of France.

The Unit of the Argentine Republic is the same, but of gold; the actual currency being depreciated paper, fluctuating greatly in value.

An order in Council, passed in the year 1894, authorised a **British Dollar** to be issued for circulation in the **East**. It is identical in weight and fineness with the Japanese yen, and has been declared legal tender in *Hong-Kong*, the *Straits Settlement*, and *Labuan*.

Country.	Coins.		Approximate Value in Indian Money. 1900.		
			Rs.	as.	ps.
Argentine Republic	100 centesimos	1 peso	0	15	3
Austria-Hungary ..	100 hellers	1 crown	0	10	0
Belgium	100 centimes	1 franc	0	9	6
Brazil	1,000 reis	1 milreis	0	15	3
Bulgaria	100 stotinkis	1 leva	0	9	6
Chile	100 centavos	1 peso	0	12	6
China	1,000 cash	1 tael	2	0	0
Denmark	100 öre	1 crown	0	13	3
Egypt	100 piastres	1 £ E	15	3	9
Finland	100 penni	1 markha	0	9	6
France	100 centimes	1 franc	0	9	6
German Empire ..	100 pfennige	1 mark	0	11	9
Great Britain ..	20 shillings	£1	15	0	0
Greece	100 lepta	1 drachma	1	9	6
Holland and Java	100 cents	1 florin	1	14	0
India	16 annas	1 rupee	1	0	0
Italy	100 centesimi	1 lira	0	9	6
Japan	100 sen	1 yen	1	8	0
Mexico	100 centavos	1 peso	1	11	0
Norway	100 öre	1 crown	0	13	3
Ottoman Empire ..	100 piastres	1 £ T	13	4	9
Persia	20 shahis	1 khran	0	7	0
Portugal	1,000 reis	1 escudo	3	5	0
Roumania	100 banis	1 ley	0	9	6
Russia	100 kopecks	1 rouble	1	8	6
Servia	100 paras	1 dinar	0	9	6
Spain	100 centimes	1 peseta	0	9	6
Sweden	100 öre	1 crown	0	13	3
Switzerland	100 centimes	1 franc	0	9	6
Tunis		piastre	0	2	6
United States ..	100 cents	1 dollar	3	1	6

The preceding table shows the principal Monetary units of the world, together with their approximate value in Indian money for purposes of Exchange. This value being mainly dependent upon the price of silver is very variable, but can always be obtained by examining the quotations periodically given in the daily papers.

QUESTIONS ON CHAPTER XVI

1. What is the meaning of *Bullion*?
2. What is the usual standard adopted in estimating the purity of *Gold*?
3. What is meant by *Seigniorage*?
4. Describe the *Monetary System* of British India.
5. What are *Presidency Banks*?

CHAPTER XVII

BANKS AND BANKING

A *Bank* is an establishment for safe-keeping, lending, and exchanging money. It is the business of a bank to conduct the cash transactions of customers having a current account with it; to take charge of, and attend to, their bills and drafts; to act as their agent for the receipt of dividends, the payment of annuities, subscriptions, insurance premiums, etc.; and to take care of their securities, jewels, plate, and similar property of great value. Banks also grant loans, issue letters of credit, remit money from place to place, discount bills, receive money on deposit for fixed or indefinite periods at moderate rates of interest, and attend generally to any monetary transactions on behalf of their customers.

In a *Private Bank* the proprietors are usually influential men with large capital, and no member can transfer his share in the business without the consent of the other partners.

Joint-Stock Banks are composed of a large number of shareholders who have acquired their shares in the ordinary way like the members of any other public company. Such banks are either *Limited* or *Unlimited*. Members of a limited liability bank are only liable for the subscribed amount of their shares in the business, unless the bank issues its own

notes payable to bearer on demand, when the shareholders are liable, not only for the sum represented by their shares in the concern, but also for the *whole amount of the notes issued*. In the case of an unlimited bank the members are of course liable to the uttermost extent for the debts of the concern.

Joint-Stock Banks issue periodical reports and balance-sheets to their shareholders, and the dividends to be paid are publicly advertised. The shares are transferable at any time, and rise or fall in value according to the fluctuations of the market.

Banks of Issue are banks which, besides transacting the ordinary business of a bank, also issue their own notes payable on demand. No banks, however, are allowed to issue notes in British India, as the issue is governed by the Paper Currency Department in Calcutta, which has the sole right to issue notes. The denominations of the notes are Rs. 5, 10, 20, 50, 100, 500, 1,000, and 10,000.

Banks of Deposit are those banks which do not issue their own notes, but receive money on which they allow interest at an agreed rate, stipulating that notice of withdrawal must be given by the depositors, so as to avoid the necessity of keeping a large sum in reserve, and to secure to the bank the opportunity of investing in securities which can be readily realised when desired.

The *Bank of England* is the most extensive banking establishment in the world. It was incorporated by special charter in 1694, and enjoys many privileges not granted to other banks. It is not a department of the State, but it conducts the whole banking business of the British Government, and in its huge fire-proof vaults, guarded day and night, the country's reserve of bullion and coined money is stored. It is truly a national bank, for practically every other bank in the country is a depositor in it, so that the depositors in other banks are, through their bankers, depositors also in the Bank of England.

The Bank of England lends money on good security, discounts bills of exchange, buys and sells bullion and specie,

and fixes the *Bank Rate*, by which the value of money is to some extent regulated and controlled. The Bank Rate is published in newspapers all over the world.

The Bank of England prints its own notes within the building, and these are never re-issued, no matter how good a condition they may be in, but are cancelled by the clerk tearing a piece out of them immediately they are paid in. The notes are payable to bearer on demand, £5 being the lowest sum for which they are issued and £1,000 the highest.

Persons sending bank notes by post frequently take the precaution of cutting them in two, carefully noting the numbers, and forwarding the halves by different mails to ensure protection, since a half note being useless, there is not the same risk of dishonest persons taking them and presenting them for payment.

The Bank of England also issues *Bank Post Bills*, which are bills of exchange accepted at the time they are drawn and payable seven days or sixty days after sight. They are granted without extra charge on payment of the sum for which they are required, and there are *no days of grace* in connection with them.

A person who deposits a sum of money with a banker, a savings bank, or a discount house, at a fixed rate of interest, with the understanding that withdrawals are only to be made upon giving notice as arranged, is said to have a *Deposit Account*. When sums of money are lent for a short time only, or when deposits are made for repayment *at call*, a *Deposit Receipt* is given, which shows the amount received and the interest payable upon it. When, however, the amount standing to the credit of the depositor is subject to variation by reason of frequent additions or withdrawals, as in the case of savings banks, a *Deposit Book* is issued to the depositor which is kept constantly written up by marking in it the sums deposited or withdrawn at the time of the transaction.

When a person deposits money in a bank on the understanding that he may add to or take from the amount at any time, with or without interest as may be arranged, he is said

to have a *Current Account*. When no interest is allowed on balances it is usual to agree that the sum kept in the bank shall not be less than a certain amount. Should the account fall and remain below the amount specified, a charge is made by the bank half-yearly as a sort of commission for attending to the customer's account. So long as there is no diminution of the agreed balance the banker considers himself sufficiently paid by being able to use the money for discounting bills, etc.

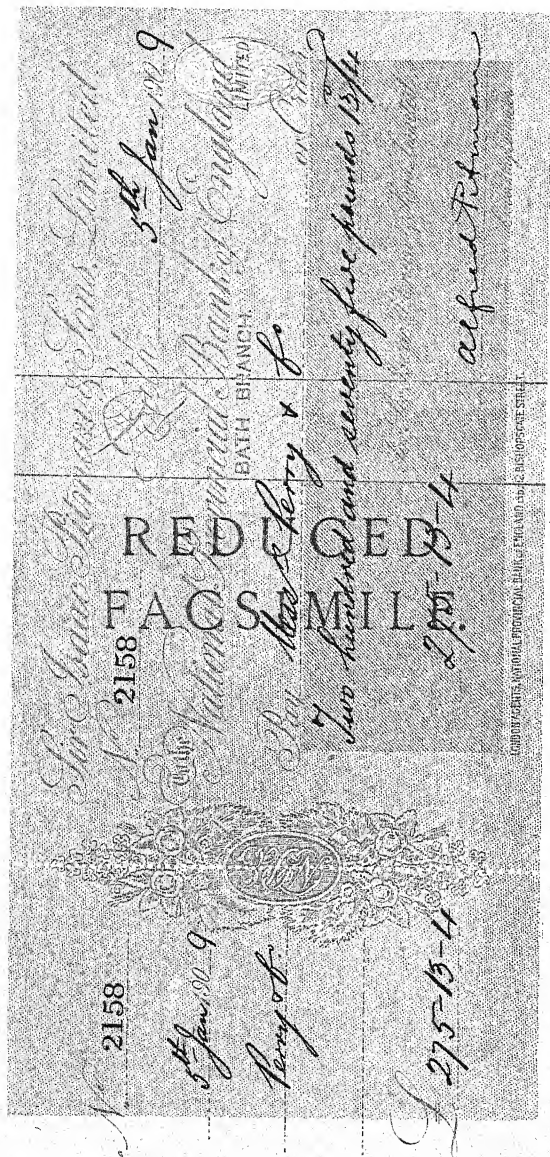
The *Bank Register* is the book containing the signatures of depositors, and is kept for reference in cases of doubt or dispute. Depositors should sign the register exactly as they intend to sign their cheques.

The *Paying-in Slip* is the form on which is described the items forming the amount paid into a bank by a depositor ; as cheques, so much ; cash, so much ; bills, so much ; and so on. The bank provides its customers with as many of these forms as may be required.

The customer is also supplied with a *Pass Book*, in which is recorded the amounts received and paid out by the bank on his behalf. This book is, in fact, a copy of his account as it appears in the bank ledger. The pass book is left with the bank at frequent intervals to be written up to date.

The bank also provides its depositors with a *Cheque Book*, containing a number of blank forms for writing out cheques. Each form is impressed with a one anna stamp, the cost of which is charged to the customer.

A *Cheque* is a written order by a customer of a bank, requiring the banker to pay on demand a specified sum of money to a person named, or to the bearer. The cheque must bear a 1 anna stamp, either impressed or adhesive, and the value of the stamp thus impressed or attached is the same whatever be the amount for which the cheque is drawn. Cheques are drawn payable to *bearer* or to *order*. A cheque which is drawn payable to bearer will be paid to the person presenting it ; but if it is drawn payable to order the person in whose favour it is drawn must *endorse* it before it will be



NET 49255

5th June 1909

J. Smith

13.15.2

NET 49255

to the Manager of the Bath Branch

Bath, 5th January 1909

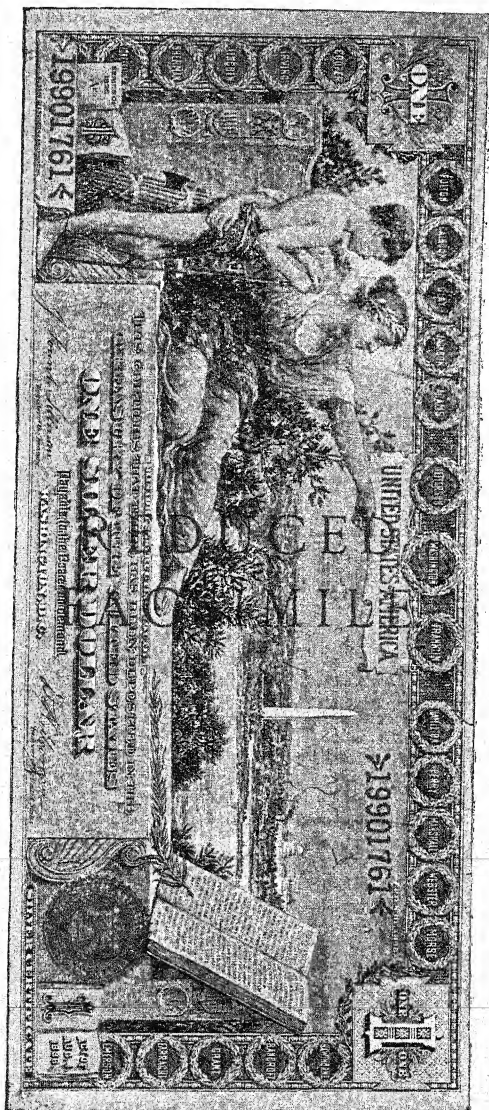
The National Provincial Building Company
103, New James Street
Birmingham

Christian Jones's fifteen shillings and two pence

George Baker

EDWARD & SONS NATIONAL PROVINCIAL BUILDING CO. LTD. 103, NEW JAMES STREET

Cheque.



United States Dollar Note (\$1)
(Front).



United States Dollar Note (\$1)
(Back)

paid by the banker. To endorse means to write your name on the *back* of the cheque.

If a cheque made payable to Messrs. D. Renk & Co., or *order*, were transferred by them to Messrs. B. Rowan & Sons, the following would be the form of endorsement employed :—

“ *Pay Messrs. B. Rowan & Sons, or order.*
D. Renk & Co.”

A cheque drawn in favour of a person now deceased should be endorsed by his executors or administrator, as in the following example :—

“ *For Alfred B. Jones.*
Peter Brown, Executor (or Administrator).”

Or if there be more than one :—

“ *For self and co-executors (or administrators) of*
Alfred B. Jones,
Peter Brown.”

When a person has received a cheque and does not wish to make use of it, he should tear off and destroy the signature and return the cheque to the drawer.

Only the drawer can alter a cheque from *order* to *bearer*, and even then he must affix his initials to the alteration ; but a payee, as well as a drawer, may alter a cheque from *bearer* to *order* without initialing the alteration.

If a cheque to *order* does not bear a payee's name, as, for instance, where it is worded “ Pay No. 5672, or order,” it will require the drawer's endorsement, and so will a cheque made out to “ *self or order.*”

When a cheque has been cancelled by mistake, the cancellation may be annulled by writing under it “ *Cancelled in error,*” adding the initials of the person who cancelled it.

A *crossed* cheque has two parallel lines drawn across the face of it, with or without the words “ & Co.” between the lines. A banker will not give *cash* in exchange for a crossed cheque to anyone but another banker ; but he will give a customer paying it in *credit* for the amount stated upon the cheque. A cheque which is crossed in the manner just described is said to be crossed *generally* ; if, instead of “ & Co.,”

the name of a particular bank be inserted between the lines, then the cheque is said to be crossed *specially*, and it must be presented through the bank thus specially named. For instance, if a cheque drawn on the Bank of Allahabad were crossed to the Bank of Upper India, it might be paid into any other bank for collection, but presentation would have to be made through the Bank of Upper India, and none but they could obtain payment of the cheque from the Bank of Allahabad.

When a crossed cheque bears also the words "*Not Negotiable*," very great care should be exercised in receiving it, for these words mean that the holder of such a cheque has no better title to it than the person had from whom he received it. So that if we sold goods or gave cash in exchange for a "*Not Negotiable*" cheque which had been stolen, we might have to make good the loss to the person from whom the cheque was stolen.

An *uncrossed* cheque is called an *open* cheque. If a drawer has crossed a cheque in mistake and wishes to make an open cheque of it, he may cancel the crossing by writing across the cheque the words "*Pay Cash*," together with his signature.

When a cheque is uncrossed, a lawful holder may cross it generally or specially. When a cheque is crossed generally, a lawful holder may cross it specially; and when crossed generally or specially, he may add the words "*Not Negotiable*." When an uncrossed cheque, or a cheque crossed generally, is paid into a banker for collection, *he* may cross it specially to himself; or when crossed specially to himself, he may cross it to another bank as his agent for collection.

When, from one cause or another, a cheque has remained unpaid for a considerable time, it is called a *Stale Cheque*. Most bankers will refuse to pay a cheque which is more than six months old.

A cheque which is dated *before* the true time is said to be *Ante-dated*; where it is dated *after* the correct date, it is said to be *Post-dated*. It is not invalid by reason of being so dated,

nor if it be dated on a Sunday, nor if it bear no date at all. The receiver of an undated cheque is quite in order in filling in what he considers to be the correct date.

The following examples will show how cheques may be crossed :—

Examples of Cheque Crossings

1	2	3	4	5	6
& Co.		& Co.			
		Not Negotiable.	Under Ten Pounds.	Lloyds Bank.	Universal Bank, for Account of Payee.

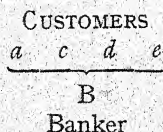
Numbers 1 to 4 are *general* crossings. Numbers 5 and 6 are *special* crossings.

When a cheque is drawn upon a banker by a person who has no longer either *funds* or *credit* at the bank, the cheque will be *dishonoured*, that is to say, payment will be refused and the cheque will be given back to the presenter marked "R/D," meaning "*Refer to Drawer*." When a cheque is drawn for a sum *exceeding* the amount standing to the customer's credit in the bank, payment will not be made, and the cheque will probably be returned marked "N/S," meaning that there are *not sufficient* funds to the drawer's credit to meet the cheque. It should be added that no stranger can open an account with a bank without an introduction, either personally or by letter.

No one but the drawer can stop the payment of a cheque, and where stoppages is necessary it should be effected by written notice, every detail of the cheque being supplied to the bank.

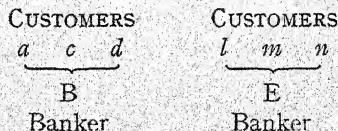
The prudent man will pay the cheques he receives into his bank without delay; if possible, the same day upon which they are received. He *must*, in fact, present a cheque for payment during the banking hours of the day following its receipt, or he would be held to have delayed presentation beyond a "*reasonable time*" and might possibly forfeit his claim against the drawer of the cheque.

To make perfectly clear the method of using cheques so as to avoid actual cash payments being made for the settlement of a debt, let us begin with an example of the simplest case. In the following diagram B represents a banker having customers, *a, c, d, e*, who have deposited money on a current account with him.



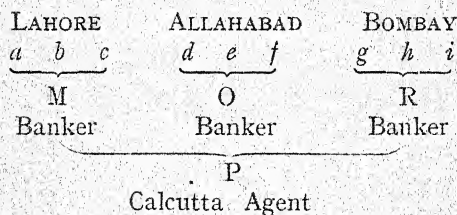
If *a* wished to pay *d* a sum of money, he would draw a cheque on B for the amount and hand it to *d*; *d* would pay in the cheque to B, who would adjust the payment by a simple transfer in his books, debiting the account to *a*, and crediting the account to *d*. Thus the transaction would be settled without a single coin changing hands.

Now let us illustrate by a similar diagram, how the payment is effected when the receiver of a cheque has a different banker to the one on whom the cheque is drawn. Let *a, c, d*, be the customers of B, and *l, m, n*, the customers of E.



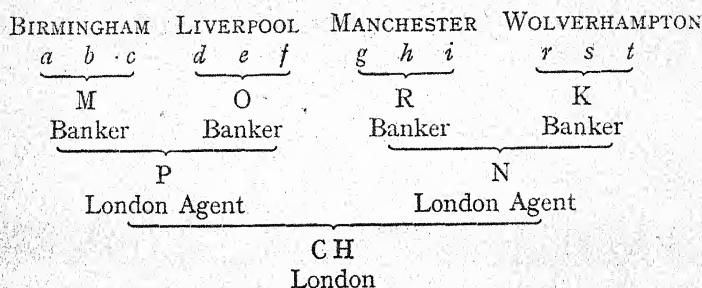
Now if c draws a cheque on his banker B, and forwards it to m , who is a customer of E, the actual settlement of the debt will then rest between E and B. It is more than probable that there will be transactions in the opposite direction, which will result in B having a claim on E, so that the coin to be withdrawn for the actual settlement will only be the *difference* between the two amounts. But this withdrawal, in actual practice, would not take place, as will be shown.

It is evident that if the settlement of transactions can be effected in this way by two banks, the same system may be applied to any number of banks. To avoid the frequent transmission of money from one place to another, nearly every bank in British India has an office in Calcutta or employs one of the banks there to act as its agent, each agent bank having a running account with the bank it represents. The agency system may be illustrated by a further diagram as follows :—



Let a, b, c , represent the customers of M, a banker in Lahore; d, e, f , the customers of O, a banker in Allahabad; g, h, i , the customers of R, a banker in Bombay; and P, a Calcutta banker, acting as agent for M, O, R. Now, if d in Allahabad sends a cheque on his banker, O, to h in Bombay, h pays the cheque into his banker R, who credits h , and forwards the cheque to P for collection; P, being the agent for O as well as R, debits O in his books, and credits R, forwarding the cheque to O by post. O then credits P, and debits his customer d . Thus the transaction is adjusted by means of transfers as before.

In Great Britain the system of "Clearing" is employed. The following diagram will explain this.



Let P be the London agent of M and O, and N the London agent of R and K, C H representing the London Clearing House. If *b*, a customer of M in Birmingham, sends a cheque to *s*, a customer of K in Wolverhampton, *s* would pay the cheque in to K for collection. K would then credit *s* with the amount, and forward the cheque to the London agent N, who would debit P and credit K, presenting the cheque on P through the Clearing House. P would there debit M and credit N, forwarding the cheque to M by next post; M, on receiving the cheque, would debit his customer *b*, and credit the agent P, the transaction being again closed by a series of transfers as before.

As every London bank has a running account with the Bank of England, the *balance* to be paid from one bank to another on each day's clearing is settled by a cheque on the Bank of England, where a simple transfer in the books from the one account to the other closes with simplicity and perfection the whole of the daily payments made from one part of the kingdom to another.

To give the reader an idea of the enormous volume of business transacted by means of the London Bankers' Clearing House, it may be pointed out that for the week

ending 26th May, 1909, the total amount of bills and cheques dealt with was £216,651,000.

There are Clearing Houses for local cheques in some other large cities besides London, but practically the same method is followed by them all.

A *Letter of Credit* is a letter addressed by a banker or other person to a correspondent abroad, requesting the latter to supply the bearer of the document with cash to the amount stated. If the letter is addressed to several persons in different places it is called a *Circular Letter of Credit*.

A Letter of Credit

BOMBAY, 10th July, 19..

MESSRS. KING & LEE,
London.

Gentlemen,

Will you be good enough to furnish the bearer of this letter Mr. Thomas Green, of Bombay, with funds to the extent of £3,000 (say Three thousand pounds), less the amount of your charges, and at the same time show him any personal attention in your power?

Kindly draw upon us at sight for the amount of your payments, and forward us Mr. Green's duplicate receipts for same.

We remain, Gentlemen,

Your obedient servants,

Signature : THOMAS GREEN.

McQUEEN & Co.

QUESTIONS ON CHAPTER XVII

1. Name and explain the various kinds of Banks.
2. State what you know about the *Bank of England*.
3. Explain the terms *Deposit Account*, *Current Account*, and *Letter of Credit*.
4. Define a *Cheque*, and show the various methods of *endorsement*.
5. State the meaning of *Crossed Cheque*, and give examples of various crossings.
6. What is meant by *Not Negotiable*?
7. What is the meaning of *Refer to drawer*?
8. Explain the terms *Ante-dated* and *Post-dated*, in connection with cheques.
9. How would you stop payment of a cheque?
10. State what you know of the *Clearing System*.

CHAPTER XVIII

BILLS OF EXCHANGE

A *Bill of Exchange* is "an unconditional order in writing, addressed to one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to or to the order of a specified person, or to bearer."

The principal advantages of a bill of exchange are as follows.

1. It puts the debt into a tangible form, and names a *time* when it will be paid.

2. It is a negotiable instrument, and may be discounted for cash, so that the creditor may receive his money, less a trifling amount charged by the bank for discount, while the debtor is not asked to pay until the bill falls due.

3. It is a convenient representative of money, easily transmissible, and, if accidentally lost, payment may be stopped and a new bill forwarded in its place.

Bills of exchange are drawn at sight, at usance, or at a certain number of days or months after sight, or after the date of the document. The person who gives the *order* to pay is termed the *Drawer* of the bill; the person to whom the order is *given* is called the *Drawee*; while the person to whom the amount is to be *paid* is termed the *Payee*.

Any form of words may be employed so long as the conditions set forth in the definition above quoted are fulfilled; but if any one of the conditions be wanting, or if the document contains a condition or order not included in the definition, the instrument is not a bill of exchange.

If the person to whom the order is addressed agrees to obey it and pay the amount as desired, he signifies his assent by writing across the face of the bill the word "*Accepted*," together with his name. He is then described as the *Acceptor* of the bill, while the document itself is frequently called his *Acceptance*. An acceptance, however, may be *general* or *qualified*. If the acceptor simply signs his name across the

face of the bill and adds the name of the bank where payment will be made, the acceptance is *general*; but if he adds a remark to the effect that payment will be made only upon fulfilment of a stated condition; or that only a part of the sum named will be paid; or that payment will be made at a certain place only, or at a certain time only; or if any such condition or remark be added to the signature of the acceptor, the instrument is a *qualified* acceptance.

A person who receives and retains possession of the document is termed the *Holder* of the bill. The following are examples of acceptances.

Specimen of General Acceptance

£ 200. Manchester
6th May. 19..
21.
Stamp. Three months after date pay to me or my order
 the sum of Two hundred pounds, value received.
To Victor.
 To Mr. F. Byre,
 London.

Accepted for the Bank
Payable at the Bank

Specimen of Qualified Acceptance

£ 170. 10. 6. London.
6th May. 19..
21.
Stamp. One month after date pay to me or my order
 the sum of One hundred and seventy pounds,
 ten shillings and sixpence, value received.
 To Mr. G. Arland,
 Manchester.

Accepted for the Bank
Payable at the Bank only

T. Ancery

The word *month* in a bill means a calendar month, but three additional days, called *Days of Grace*, are allowed on most inland bills. Thus, in the case of the specimen just given,

the bill would be due for payment on 9th June, and payment could not be demanded before that date. No days of grace are allowed on bills payable on demand or at sight.

An *Inland* bill is one which is drawn and payable within British India. A *Foreign* bill is one which is drawn in one country and payable in another. The number of days of grace allowed in the case of foreign bills varies according to the country.

A bill of exchange is a negotiable instrument and may be transferred any number of times by endorsement, either before or after acceptance, the holder by writing his name on the back of the bill becoming the *Endorser*, and the person to whom he endorses it the *Endorsee*. When a bill has been endorsed by a number of persons and there is no further space for signatures, a slip of paper may be attached to it, on which additional endorsements may be made if necessary. Such a slip is known as an *Allonge*. The endorser of a bill takes upon himself the responsibility of a new drawer, and is liable to subsequent endorsers and to the last holder of the bill in case the drawee dishonours it at maturity, provided, of course, that the necessary notice of dishonour has been given to the endorser.

It is possible, however, to endorse a bill so that no personal liability is incurred by the endorser. This is effected by adding to the signatures the words "*sans recours*," or "*without recourse to me*." This method of endorsement is usually adopted by persons who endorse a bill as agent for another.

A *Blank Endorsement* means simply writing one's name on the back of a bill without stating the name of the person to whom it is given. A bill so endorsed becomes payable to bearer. The subsequent holder, however, of any bill endorsed in blank may convert the blank endorsement into a *Special Endorsement* by writing above the signature a direction to pay the bill to the order of himself, or to some other person; if to himself, the bill will require his own signature before it can be again transferred to another person.

*Example of
a blank endorsement
on the back of
a bill.*

Brown & Jones.

The same blank endorsement converted into a special endorsement to himself by Mr. Henry Eason, the holder of the bill.

*Pay to the order of
Mr. Henry Eason.
Brown & Jones.*

If Mr. Eason did not care to endorse the bill, but wished to make it payable, say to Mr. Isaac Inman, the blank endorsement would be converted into a special endorsement, as follows :—

The same blank endorsement converted into a special endorsement to Mr. Isaac Inman by a holder who did not wish to endorse the bill himself.

*Pay to the order of
Mr. Isaac Inman.
Brown & Jones.*

The bill could now be passed on to Mr. Inman, and as it does not bear Mr. Eason's signature he would incur no liability in regard to it. It would be necessary, however, for Mr. Inman to endorse the bill before *he* could transfer it to anyone else.

A *Restrictive Endorsement* prohibits the further negotiation of the bill, or stipulates that it shall be dealt with only in the manner directed in the endorsement.

Example of a Restrictive Endorsement by Mr. James King, who endorses a bill over to his agent, Mr. Arthur Lees.

*Pay to Mr. Arthur Lees only
James King.*

or

*Pay to Mr. Arthur Lees
for my account.
James King.*

or

*Pay to Mr. Arthur Lees
for my use.
James King.*

Sometimes a bill bears the phrase :—

*" In case of need apply to W. Baker & Co., London.
John Done."*

The meaning of this is that if the bill is not paid at maturity, Messrs. Baker & Co. will pay it for the honour of Mr. Done, who may be the drawer or one of the endorsers of the bill. A person who accepts responsibility for a bill in this way is termed a "*referee in case of need.*" A dishonoured bill bearing such an endorsement, however, must be protested for non-payment *before* it is presented to the referee named in case of need.

When the person upon whom a bill is drawn refuses to *accept* the same, or, having accepted it, refuses to *honour* it by paying the amount when due, the holder of the bill hands it to a notary public, who again presents the bill for acceptance or payment, and in case of meeting with another refusal, he *notes* its non-acceptance or non-payment by writing on a slip of paper, which he attaches to the bill, the answer given to his demand. This is called *Noting a Bill*.

A drawee is usually given twenty-four hours in which to accept a bill. If he does not accept it within that time it should be considered as dishonoured. A bill should be

presented for payment at the place where it is payable, and on the date upon which payment is due; otherwise the drawer and endorsers are released from liability.

To *Protest* a bill is to obtain a formal declaration by a notary public that he has presented a dishonoured foreign bill of exchange, either for acceptance or payment; that his demand was answered as set forth in his certificate; and that he formally protests against the drawee's refusal to comply with the demand for acceptance or payment, as the case may be.

A bill is protested *after* it has been noted for dishonour, and the protest is necessary in order to retain the liability of the drawer and endorsers. *Inland* bills do not require to be protested.

When a bill has been dishonoured, notice of the fact should be sent by the holder of the bill to the person from whom it was received, if his name appears on the bill as an endorser, and to the drawer of the bill as well. The following are specimens of such notices:—

Notice of Dishonour for Non-acceptance, sent to the Drawers of a Bill
Messrs. B. WRIGHTEN & Co., LONDON, 20th March, 19..
London.

Dear Sirs,

I hereby give you notice that the Bill of Exchange for £500, dated 24th February, 19.., drawn by you upon Messrs. S. Croll & Sons, and by you endorsed over to me, has this day been presented to Messrs. S. Croll & Sons for acceptance, and acceptance has been refused by them. I, therefore, demand and shall look to you for payment.

Yours truly,

WILLIAM T. INSELL.

Notice of Dishonour for Non-payment, sent to the Endorsers of a Bill
Messrs. G. H. & Co., LONDON, 8th June, 19..
London.

Dear Sirs,

I hereby give you notice that the Bill of Exchange dated 27th April, 19.., drawn by Messrs. A. B. & Co., of Bombay, on Messrs. C. D. & Co., of London, for £500, payable 30 days after sight to Messrs. E. F. & Co., or order, and endorsed by you, whereof I am now the holder, has this day been presented to Messrs. C. D. & Co., for payment, but was dishonoured, and is unpaid. I, therefore, request your immediate payment of the amount.

Yours truly,

JAMES E. MERRY.

In the event of a drawee refusing to accept a bill, any person, except the drawer or one of the endorsers, may accept it for the *honour* of any of the parties concerned. The following is the wording usually adopted in such a case :—

“ Accepted for the honour of A. B. & Co.
or C. D. ”
“ Accepted Supra Protest for the honour of A. B. & Co.
C. D. ”

By accepting *Supra Protest* or *for honour*, the acceptor takes upon himself the responsibility of the party for whom he accepts ; but before any claim can be made upon him the bill must be presented to the drawee at maturity and *protested for non-payment*, if not paid.

A bill which is drawn, accepted, or endorsed without receiving value in exchange for it, but simply to oblige a friend, and assist him to obtain money or credit by means of the instrument, is known as an *Accommodation Bill* or *Kite*. The person who draws, accepts, or endorses such a bill is termed an *Accommodation Party*. It is dangerous to act in such a capacity, and one should decline to do so except under the most extraordinary circumstances. All who accept liability with regard to a bill are known as *Parties* to the bill.

It is usual to draw foreign bills in sets of three, and to transmit each bill separately and at a different time. When one of the bills is paid, the other two are void. Foreign bills usually bear the words “ *Value Received* ” when a consideration has been given for them, and “ *Value in Account* ” when they are for services rendered, or when, from cross transactions, there remains a balance in the drawer’s favour. The reader will better understand the remarks on foreign bills by referring to the following specimen set :—

Example of a set of Foreign Bills of Exchange
(First)

No. 5. Exchange for £100. Madras, 1st June, 19..
Three months after sight, pay this First of Exchange (Second and Third not paid) to the order of Messrs. John Thorne & Co., the sum of One hundred pounds sterling. Value received.
To Messrs. W. Collett & Co., Thomas Batten.
London.

First of Exchange.

(Second)

No. 5. Exchange for £100. Madras, 1st June, 19..
Three months after sight, pay this Second of Exchange (First and Third not paid) to the order of Messrs. John Thorne & Co., the sum of One hundred pounds sterling. Value received.
To Messrs. W. Collett & Co. Thomas Batten.
London.

Second of Exchange.

(Third)

No. 5. Exchange for £100. Madras, 1st June, 19..
Three months after sight, pay this Third of Exchange (First and Second not paid) to the order of Messrs. John Thorne & Co., the sum of One hundred pounds sterling. Value received.
To Messrs. W. Collett & Co., Thomas Batten.
London.

Third of Exchange.

Bills of Exchange are subject to the following stamp duties :—

Payable on demand or at sight, or within three days after 1d.

Any other kind :—

Not exceeding £5 1d.

Exceeding £5 and not exceeding £10 .. 2d.

„ 10 „ 25 .. 3d.

„ 25 „ 50 .. 6d.

„ 50 „ 75 .. 9d.

„ 75 „ 100 .. 1s.

Every £100, and also for any fractional part of £100, of such amount 1s.

In this note the promise to pay is made by *both* signers, not by *each*, and, therefore, the makers are liable *jointly* or together for the payment of the amount when due.

Specimen of a Joint and Several Promissory Note



£200.

Bombay, 17th March, 19..

Six months after date we jointly and severally promise to pay Patrick Day, or order, the sum of Two hundred pounds sterling, value received.

D. Windle.

J. Oram.

In this note the promise to pay is made by *both* signers *jointly*, and by *each* individually; therefore the makers are liable either jointly or separately for the payment of the amount when it falls due. When a joint promissory note is offered, the payee should, if possible, insist upon its being made out in the manner just described.

An *I.O.U.* is a written acknowledgment of a debt. It should bear the date, the name of the creditor, the amount of the debt, and should be signed by the debtor. It is only an *acknowledgment* of the existence of the debt, not a *promise* to pay it, and therefore it requires no stamp. If, however, any words are added which constitute a promise to pay the amount, even though no time is mentioned for the payment, the document becomes a promissory note, and must be stamped accordingly. The following is the form usually employed:—

Specimen of an I.O.U.

Liverpool, 19th March, 19..

Mr. V. Endor.

I.O.U. Fifty Pounds.

S. Ivory.

The term *Foreign Exchanges* denotes the process by which a debtor in one country is enabled to pay his creditor in another country without the actual transmission of coin, by

means of bills of exchange. The method adopted is at once simple and economical. The principle on which it is carried out will be understood from the following illustration :—

A (of London) owes B (of Paris) £200.

C (of Paris) owes D (of London) £200.

Now if

A pays D the £200 owing to him by C, and if

C pays B the £200 owing to him by A,

it is clear that the claims of both parties will be satisfied, and without the necessity of sending actual coin from London to Paris, and from Paris to London.

This is, in fact, what takes place every day by means of bills of exchange, negotiated through the exchange banks. In the case supposed, B draws a bill on A, and sells it (through his bank) to C, who forwards it in settlement of his debt to D. D collects the amount from A when the bill falls due, and so both debts are paid without the trouble of transmitting cash between the two countries.

Example of a Course of Exchange

Amsterdam, etc...	..	cheques	12 2	12 2 $\frac{1}{2}$
Do.	..	3 mths.	12 3 $\frac{1}{8}$	12 3 $\frac{3}{8}$
Antwerp and Brussels	..	"	25 37 $\frac{1}{2}$	25 42 $\frac{1}{2}$
Hamburg	..	"	20 58	20 62
Berlin, etc.	..	"	20 58	20 62
Paris	..	cheques	25 17 $\frac{1}{2}$	25 20
Do.	..	3 mths.	25 28 $\frac{3}{4}$	25 33 $\frac{3}{4}$
Marseilles..	..	"	25 28 $\frac{3}{4}$	25 33 $\frac{3}{4}$
Switzerland	..	"	25 32 $\frac{1}{2}$	25 37 $\frac{1}{2}$
Austria	..	"	24 21	24 26
St. Petersburg and Moscow	..	"	24 $\frac{5}{8}$	25 $\frac{1}{8}$
Genoa, etc.	..	"	25 47 $\frac{1}{2}$	25 52 $\frac{1}{2}$
New York	..	60 days	—	—
Madrid, etc.	..	3 mths.	42 $\frac{7}{8}$	42 $\frac{1}{8}$
Lisbon	..	"	47	47 $\frac{1}{4}$
Oporto	..	"	47	47 $\frac{1}{4}$
Copenhagen	..	"	18 38	18 42
Christiania	..	"	18 38	18 42
Stockholm	..	"	18 38	18 42

Foreign Rates of Exchange on London, etc.

	Rate.			Rate.
Alexandria ...	97 $\frac{1}{2}$	Sight	B. Ayres	48 $\frac{1}{8}$ 90 days
Amsterdam...	12 09	do.	New York...	4 85 60 days.
Berlin	20 44	do.	—	4 86 $\frac{3}{4}$ Cables.
Brussels.....	25 25 $\frac{1}{4}$	Cheques	Rio de Jan...	15 $\frac{5}{8}$ 90 days.
Constantinople	110 02	Bank 3 m	Valparaiso .	10 $\frac{5}{8}$ 90 days.
Hamburg	20 42 $\frac{1}{2}$	8 days	Calcutta	1 3 $\frac{3}{8}$ Tlgrph.
Italy	25 23	Sight	Hong-Kong	1 9 $\frac{1}{8}$ 4 months
Madrid	27 65	do.	—	1 8 $\frac{1}{8}$ Transfers
—	10%	Gld. prm.	Shanghai....	2 4 4 months
Paris	25 19	Cheques	—	2 3 $\frac{5}{8}$ Transfers
St. Petersburg	94 10	3 months	Japan	2 0 $\frac{1}{2}$ do.
Vienna.....	24 00	Short	Straits	2 4 do.

Column I indicates the place *upon which* bills are drawn; column II shows the “usance”—that is, length of time—for which they are drawn; (3/m meaning three months’ bills; “short,” short dated bills, or bills due within a few days from presentation; “demand,” a bill payable on demand, which is practically cash; and 90 d/d, bills drawn at 90 days’ date); while columns III and IV give the buying and selling prices of bills, the figures representing the amount of currency offered at the various places in exchange for £1 sterling. Thus “Amsterdam 12 2” means that there are buyers of short bills drawn on Amsterdam, and that 12 florins 2 stivers are offered for every £ which the bill represents.

The word *Cheques* in Column II means *Cheque Exchange*. There are many banks and financial houses in Antwerp, Brussels, Paris, Hamburg, and other places abroad which have either branches or Head Offices in London, and both the parent and the branch banks make it part of their business to sell cheques on their branches at the ruling course of exchange. Therefore, a debtor in London who owes say £500 to a merchant in Paris is enabled to buy in London, at an agreed rate of exchange, a cheque to *Bearer* on a Paris Bank or financial House, and send it to his creditor there, who will be able to obtain payment from the House on which

the cheque is drawn, thus reducing the financial part of the business to a cash transaction, which is a great convenience where prompt cash payments are required.

The amount in the currency of one country which, at any given date, is offered for a fixed sum in the currency of another country, is called the *Rate of Exchange*, or *Course of Exchange*. The rates of exchange fluctuates daily, according to the state of trade, the value of money, and other affecting influences. When the rates offered us by other countries is comparatively high we say the exchange is *favourable* and, when it is low, *unfavourable*.

The exchange is said to be at *par* when a certain sum of money in the currency of one country can be exchanged for a sum equal to it in *intrinsic* value in the currency of another country. For example, 25 frs. 22 c. of French money are equal in intrinsic value to 15 rupees in Indian money. Therefore the *par of exchange* between India and France (Paris) is 25 frs. 22 c.

It may possibly happen that the rate of exchange between any two places may be so high, that it would be cheaper for debtors to send gold in payment of their debts rather than to buy a bill for the purpose. Or it may be found cheaper to adopt a roundabout method in settling the debt. For instance, a Bombay merchant having to remit money to Paris at a time when the exchange is unfavourable, might find it cheaper to buy a bill on Amsterdam, and with the proceeds of this buy in Amsterdam another bill on Paris. The calculation of the proportional rates of exchange between two countries, through intermediate places, is known as the *Arbitration of Exchange*. It is *simple* arbitration when only one intermediate place is concerned; and *compound* arbitration when two or more places are concerned.

Besides the exchange effected by bills of exchange there is also a system of *Telegraphic Transfers* (T.T.'s) or *Cable Transfers*, as they are sometimes called, which is a daily rate quoted in the money market for transferring money by cable from one country to another. For example, if a person in

London wished to pay a certain number of rupees to a house in Bombay on any particular date, he might pay into a London bank the equivalent sum of English money, calculated at the transfer rate of the day, when the bank would cable out to their Bombay Branch to pay the nominee the sum required.

Another method of transmitting money to India is by means of *Council Bills*. These are drafts drawn by the English Government upon the Government of India, and sold by tender every week.

It may be explained that the Government of India, which receives its revenues in *silver*, owes a large sum to England, the interest of which has to be paid in *gold*. Further, merchants in England who are indebted to merchants in India are expected to pay their debts in silver. Now instead of the Indian Government sending silver to England, it advises the English Government when it is desired to remit a stated amount in payment of interest due. The English Government then announces in the public papers that it is prepared to sell by tender bills on India for such an amount. The English merchant buys these bills and pays for them in *gold*. He then forwards them to his Indian creditor, who receives the amount from the Indian bank in *silver*. The claims of all parties are therefore satisfied in the manner desired, and yet no *coin* has passed between the countries.

QUESTIONS ON CHAPTER XVIII

1. Define a *Bill of Exchange*.
2. Give specimens of a *General Acceptance* and a *Qualified Acceptance*.
3. What are *Days of Grace*?
4. What is the difference between a *Foreign* bill and an *Inland* bill?
5. State the meaning of the terms *Endorser*, *Endorsee*, and *Allonge*.
6. What is the effect of adding "*Without recourse to me*" to the signature when endorsing a bill of exchange?
7. Show how a *blank* endorsement may be converted into a *special* endorsement.
8. What is a *restrictive* endorsement? Give examples.
9. Explain the terms *referee in case of need*, *noting a bill*, and *protest*.
10. What is meant by *acceptance for honour*?

11. What is an *Accommodation Bill* ?
12. State the circumstances under which the terms *value received* and *value in account* are employed in connection with foreign bills.
13. Give a specimen set of foreign bills of exchange.
14. What is a *Promissory Note* ?
15. Give an example of an *I.O.U.*
16. Explain the principle underlying *Foreign Exchanges*.
17. Define the terms *Course of Exchange*, *Par of Exchange*, and *Arbitration of Exchange*.
- 18 How may money be remitted to *India* ?

CHAPTER XIX

BANKRUPTCY

A PERSON is said to be *Insolvent* when the amount of his liabilities exceeds the amount of his assets, and he is therefore unable to pay the whole of his debts. When a person finds that he is insolvent it is his duty to cease trading for the time and to pay *no* debt until his exact position has been ascertained, so that no one creditor shall have a preference over another. He is then said to have *Suspended Payment*, and his stoppage is known as a *Failure*.

A *Bankrupt* is an insolvent debtor who has given up his property for equal distribution among his creditors, and after undergoing an examination in the courts has been released from further liability in respect of his past debts. The release thus given to a bankrupt is called his *Discharge*. When the public examination of the debtor shows that his insolvency was brought about by wilful neglect of his business, rash speculation, or reckless extravagance ; or when it is found that he has not kept proper books of account for the three years prior to his insolvency, the court may refuse to grant him his discharge, or may withhold it for a specified time or until a dividend of at least 8 annas in the rupee has been paid. When the discharge is thus suspended the debtor is termed an *Undischarged Bankrupt*.

It does not follow, however, that an insolvent debtor will become a bankrupt. He may call his creditors together and

make a private arrangement with them by which he pays each of them a portion only of the amount owing and is granted a discharge in full. This is called *Compounding with Creditors*, and the amount accepted in full settlement and discharge of the sum owing by the debtor is known as a *Composition*, being reckoned at so much in the pound.

Or a debtor may possibly avoid being adjudicated a bankrupt by agreeing to a *Deed of Assignment*, by which he assigns to a *Trustee* the whole of his property to be realized for the benefit of his creditor and in satisfaction of their claims upon him. Or, again, the business may be carried on under a *Letter of Licence*, which is an agreement signed by the creditors of an insolvent or embarrassed trader, permitting him or some other person to carry on the business for a certain time, and undertaking not to press their claims until the time agreed upon has expired.

An *Act of Bankruptcy* is any act which renders the doer liable to be adjudged a bankrupt. A debtor commits an act of bankruptcy

“(a) If in British India, or elsewhere, he makes any conveyance or transfer of his property to a trustee or trustees, for the benefit of his creditors generally.

“(b) If in British India, or elsewhere, he makes a fraudulent conveyance, gift, delivery, or transfer of his property, or of any part thereof, with intent to defeat or delay his creditors.

“(c) If in British India, or elsewhere, he makes any conveyance or transfer of his property, or any part thereof, or creates any charge thereon which would, under this or any other Act, be void, as a fraudulent preference, if he were adjudged bankrupt.

“(d) If, with intent to defeat or delay his creditors, he does any of the following things, namely, departs out of British India, or, being out of British India, remains out of British India, or departs from his dwelling-house, or otherwise absents himself, or begins to keep house.

“(e) A debtor commits an act of bankruptcy if execution against him has been levied by seizure of his goods, under

process, in an action in any Court, in execution of the decree of any Court, and the goods have been sold.

“(f) If he files in the Court a declaration of inability to pay his debts, or presents a bankruptcy petition against himself.

“(g) If he is imprisoned in execution of the decree of any Court for the payment of money.

“(h) If the debtor gives notice to any of his creditors that he has suspended, or that he is about to suspend, payment of his debts.”

The first step in Bankruptcy proceedings is the presentation of a petition to the Court, either by the debtor himself or by a creditor, praying that a *Receiving Order* may be made against the debtor's estate, and alleging that the debtor has committed one or more of the acts of bankruptcy enumerated above. A petition once presented cannot be withdrawn without leave of the Court.

A *Receiving Order* is an order made by the Court of Bankruptcy, empowering an Official Receiver to take charge of an insolvent debtor's estate for the benefit of his creditors.

A creditor may not present a petition unless—

(a) The debts owing by the debtor to the petitioning creditor, or, if two or more creditors join in the petition, the aggregate amount of debts owing to the several petitioning creditors, amount to 500 Rs. and (b) The debt is a liquidated sum, payable either immediately or at some certain future time, and (c) The act of bankruptcy on which the petition is grounded has occurred within three months before the presentation of the petition.

When the Official Receiver has investigated the debtor's accounts a *Statement of Affairs* is prepared containing a complete list of the assets and liabilities, after which a *First Meeting of the Creditors* is called to consider what steps shall be taken for their interests. A creditor may either attend himself or be represented by another person, who is then known as a *Proxy*. At this meeting the creditors decide whether they will insist that the debtor shall go through the

Court and be adjudicated a bankrupt, or whether they will accept an offer from him either to carry on the business for a time or to pay at once a composition of so much in the Rupee. If the debtor makes no offer, or if his offer is not accepted, he will be summoned to appear before the Court for public examination as to the cause of his insolvency.

After the examination the creditors meet again, and if they cannot then agree either to accept a composition or to enter into some arrangement with the debtor, an *Adjudication Order* is issued by the Court declaring the debtor bankrupt and his affairs *In Bankruptcy*, so that the estate may be vested in a trustee and wound up for the benefit of the creditors. Trustees in Bankruptcy are usually assisted by a *Committee of Inspection*, elected by the creditors from among themselves to watch over the administration of the estate and to see that it is liquidated in the manner most conducive to the interests of those concerned.

When the value of a bankrupt's property does not exceed 500 Rupees, the Court usually issues an order for the summary administration of the estate. The sum paid to a creditor out of a bankrupt's estate is called a *Dividend*. It may be paid either in instalments or in a lump sum.

It unfortunately happens that business men have occasionally to seek the assistance of the law, in order to obtain payment of an account from an unwilling debtor. This can be obtained by an action in the local Courts, but recourse should be had to a solicitor for advice in the matter. It is generally necessary to obtain first a summons against the debtor ordering him to come before the Court, when the case is adjudged and the debtor is ordered to pay his debt, in default of which he may be imprisoned.

QUESTIONS ON CHAPTER XIX

1. Explain the terms *Insolvent*, *Suspended Payments*, and *Bankrupt*.
2. What is meant by "*Compounding with Creditors*"?
3. How may an insolvent debtor avoid being adjudicated a bankrupt.
4. What is an *Act of Bankruptcy*?

5. Is it necessary that a creditor should attend a meeting of creditors in person ?

6. Explain the meaning of *Dividend*, as used in connection with bankruptcy.

7. What is meant by *Undischarged Bankrupt* ?

8. What do you understand by the *Summary Administration of an Estate* ?

9. What is a *Statement of Affairs* ?

ABBREVIATIONS

@.....	At	I.O.U.....	I owe you
A/c	Account	Jun.....	Junior
Acct.....	Account (Stock Ex- change)	jr.....	
A1	First class	Ltd.....	Limited
a.m.	Antemeridiem—morning	m/d.....	Months' date
A/o	Account of	MS.....	Manuscript
A/R	All risks	MSS.....	Manuscripts
A/S	Account Sales	N.B.	Take note—mark well
B/E	Bill of Exchange	O/a	On account of
B/L.....	Bill of Lading	O. H. M. S.	On His Majesty's Service
B/P	Bill Payable	Pcl.....	Parcel
B. P. B. ...	Bank Post Bill	Pcs.....	Pieces
B/R.	Bill receivable	p.m.....	Post meridiem — after- noon
C/-	Case	P. O.	Post Office — Postal Order
C.F.....	Carried forward	Pro tem....	Pro tempore—for the time being
C. & F.	Cost & Freight	Prox.	Proximo—of the next month
C. i. f.....	Cost, insurance & freight	P.S.....	Post Scriptum — after writing
Chq.	Cheque	R/D	Refer to drawer
c/o	Care of	Re	Re—in regard to, re- lating to
C. O. D.....	Cash on delivery	Recd.	Received
C/P	Charter Party	Rect.	Receipt
C/s	Cases	Reg.....	Registered
Com.	Commission	Regd.	
D/D.....	Demand draft	R. M. S....	Royal Mail Steamer
d/d	Days' date	R. S. O. ...	Railway Sub Office
Div.....	Dividend	\$	Dollars
D/O.....	Delivery order	S.S.....	Steamship
do.	Ditto, the same	T/q	Tale quale (grain trade)
D/W	Dock warrant	U. K.	United Kingdom
D/y	Delivery	Ult.....	Ultimo—last month
E. E.	Errors excepted	U. S. A. ...	United States of America
E. & O. E.	Errors and Omissions excepted	V.....	Versus—against
e.g.	For example	Via	By way of
ex.	Out of (as ex-steamer "Juno")	Viz.....	Videlicet—namely
F. a. s.....	Free alongside ship	V.P.P.....	Value Payable Post
F. o. b. ...	„ on board	W/w	Warehouse Warrant
Fol.....	Folio	Wt.....	Weight
F. o. r. ...	Free on rails	xd	Ex dividend
F. p. a. ...	Free of particular average	x in.....	Ex interest
G. P. O.....	General Post Office	Y/A	York—Antwerp Rules (marine insurance)
Hhd.	Hogshead	‡.....	Numbered (as ‡ 1/6)
i.e.	Id est—that is		
Inst.....	Instant—of the present month		

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE

Evening School Certificate Examination

FIRST YEAR COMMERCIAL CERTIFICATE

COMMERCIAL PRACTICE

Not more than TEN questions to be answered, of which Nos. 6 and 7 should be two.

1. How would you address letters to:—

- (1) Samuel Sheridan, M.A., Leith Walk, Edinburgh ;
- (2) The Sheffield Gas, Light & Coke Co., Rotherham Road, Sheffield ;
- (3) James Slater, Junr., Waxwood Rise, Pinner, Middlesex ?

2. Set out in proper form the following letter, correcting any errors in spelling and punctuation:—

From John Turner & Sons, 58 Crown Point Road Wakefield to Bell & Butler, 29 Surrey Street, Manchester.
5th May, 1909. Dear Sir : Referring to your esteemed order No. 826, we regret that owing to an awkward breakdown with our engine, which has seriously interfered with our work, we shall not be able to deliver the goods at the time agreed. If you could without serious inconvenience extend the time of delivery to the 10th June, we should deem it a great favour, thanking you in anticipation for your kind indulgence, we remain, etc., etc.

3. Give the meaning of the following abbreviations:—

inst.	pp.	@
prox.	per	Encl.
ult.	R.S.O.	a/c
P.S.		

4. A letter weighing under one ounce and properly sealed, posted at Leeds and addressed to Bradford, is stamped with a

halfpenny stamp. How much will the addressee have to pay on delivery? How much would he have to pay if the letter had no stamp?

5. What is meant by (a) a Vowel Index and (b) a Card Index?

6. Make out an order form addressed by James Spink, Provision Dealer, Mirfield, to Messrs. Bickerton & Co., Market Place, Wakefield, for the following:—

- 2 Casks Danish Butter.
- 3 doz. Tins Condensed Milk.
- 3 Short Cut American Hams.
- 1 Cheshire Cheese.

To be forwarded by Carrier on Thursday next.

7. Make out an invoice for the undermentioned goods, sold by Bickerton & Co., Market Place, Wakefield, to James Spink, Mirfield, and forwarded by Carrier on 20th May, 1909:—

2 Casks Danish Butter.

	Gross.	Tare.	
(1)	1 . 0 . 19	16 lbs.	} at 105/- per cwt.
(2)	1 . 1 . 2	18 lbs.	

1 C/s 3 doz. Tins Condensed Milk at $\frac{4}{3}$ per doz.

3 Short Cut American Hams 35 lbs. @ $8\frac{1}{4}$ d. per lb.

1 Cheshire Cheese 38 lbs. @ $7\frac{1}{2}$ d. per lb.

8. Explain the use of a Delivery Book, showing a specimen page with the goods mentioned in Question 7 correctly entered.

9. Condense the letter in Question 2 into a telegram, and state the cost.

10. What is a docket? Show how the letter in Question 2 would be docketed.

11. What are Money Orders and how may they be obtained?

12. Seth Stevenson owes Fifteen Pounds ten shillings to Barclay & Gammon, and on the 5th May, 1909, he pays them the sum of Ten Guineas by cheque. Make out the receipt form.

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE

Evening School Certificate Examination, 1909

SECOND YEAR COMMERCIAL CERTIFICATE COMMERCIAL PRACTICE

Not more than TEN questions to be answered

1. Show how you would address the following letters, indicating in the corner where the stamp should be affixed the amount chargeable for postage:—

- (1) To J. Krishman & Co., 33 Delhi Road, Calcutta ; weight $1\frac{1}{4}$ ounces.
- (2) Schmidt and Wagner, Adlerstrasse, Dresden ; weight $\frac{1}{4}$ ounce.
- (3) Larousse & Co., 50 Rue Carpentier, Marseilles ; registered letter weighing $1\frac{1}{4}$ ounces.

2. Write a letter (dated 9th May, 1909) from James Hey & Co., Ltd., Victoria Works, Kirkstall, Leeds, to the Yorkshire Colliery Co., 156 Park Row, Leeds, asking for quotation for the supply of Coal and Coke for the twelve months following, *i.e.*, June 1, 1909, to 31st May, 1910. Probable requirements 450 tons of Coal, and 50 tons of Coke, to be delivered as required.

3. Write a suitable reply to the letter in Question 2, offering to supply best Engine Coal at 18/9 per ton, and broken Coke at 14/6 per ton, delivered. $2\frac{1}{2}$ % monthly a/cs.

4. Reply to the letter in Question 3 accepting the offer provided the price of coke is reduced to 14/- per ton.

5. Write on behalf of the Yorkshire Colliery Co., in reply to the letter in Question 4, stating that although the prices quoted are exceedingly low, you are prepared to supply the coke at 14/- as desired.

6. Give the contents of the letters in Questions 2 to 5 in the form of a *précis*.

7. Using the names given in Question 2, make out an

invoice for the coal and coke supplied during the month of June, charging the prices agreed upon. The deliveries were as follows :—

4th, 4 tons coal ; 7th, 2 tons 5 cwts. coke ; 11th, 4 tons 8 cwts. coal, $1\frac{1}{2}$ tons coke ; 15th, 5 tons 6 cwts. coal, 2 tons coke ; 21st, $3\frac{1}{2}$ tons coal ; 26th, 4 tons 9 cwts. coal, 28 cwts. coke.

8. Make out a cheque in settlement of the June account for coal and coke, deducting $2\frac{1}{2}$ per cent. discount as agreed. The cheque to be dated 6th July, and drawn on the Bank of Leeds, Limited.

9. What is meant by (a) Legal Tender, (b) Bullion, (c) Standard of Value, (d) Dear Money, and (e) Deposit Account ?

10. What advantages does the Post Office Savings Bank offer to small investors ? How may an account be opened, and what must be done when money is withdrawn ?

11. W. Sunderland of South Shields owes Seth Savàge & Co. of Surbiton Forty-two Pounds, and authorises them to draw on him at 3 m/d for that amount, plus three months' interest at 5 % p.a. Draw the draft, showing the value of the stamp required.

12. What is the difference between (1) an " order " cheque and a " bearer " cheque, and (2) an " open " cheque and a " crossed " cheque ?

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE

Technical School Examinations

COMMERCIAL PRACTICE

Second Stage

Not more than TWELVE questions to be answered

1. Give the reasons which in your opinion account for the fact that the imports of the United Kingdom exceed the exports.

2. Mr. George Ramsay, who is the proprietor of a Grocery and Provision Store, takes into partnership Thomas Macdonell, his former Manager. The new firm will trade under the style of Ramsay, Macdonell & Co. Write a circular letter to be sent to Mr. Ramsay's customers, notifying them of the change.

3. Make out an export invoice for the following goods, forwarded by Wm. Southey & Co., Buxton Road, Sheffield, to Cookes & Burrell, Liverpool, for shipment by steamer to Sleaford & Co., Durban, Natal.

One case containing :—

6 Silver Holster Flasks 7" @ £1 8s. 6d. each.

6 Solid Leather Holster Cases Large @ 13s. each.

3 Mahogany Canteen Cabinets (105 pieces Cutlery) @ £4 12s. 0d. each.

6 doz. Silver Coffee Spoons No. 8342 @ £2 18s. 6d. per doz.

1 doz. 3 Bottle E.P.N.S. Lunch Cruets No. 86 @ 13s. 6d. each.

1 E.P.N.S. Syphon Stand No. 21561 @ £2 1s. 0d.

1 Afternoon Tea Service No. 7026 @ £4 10s. 0d.

1 Corinthian Lamp No. 12590 @ £6 13s. 0d.

3 Manicure Sets, Plain, No. K 146 @ £2 15s. 0d. per set.

Less 15 % trade discount.

Measurement of case 3' 6" x 4' 9" x 3' 3".

Charges :—

Freight at £2 8s. 0d. per steamer ton and 10 % primage.

Carriage to Liverpool 8s. 6d.

Shipping Charges and B/L 4s.

Marine Ins. (for 10 % above invoice amount) @ 10s. 6d. % and stp.

Marks



DURBAN

4. Write a letter from Southey & Co., Sheffield, to Cookes & Burrell, of Liverpool, advising them that the case mentioned in Question 3 has been forwarded per L. & Y. Railway, and

requesting them to effect insurance, and ship the case by first steamer.

5. Southey & Co. draw on Sleaford & Co. for the amount of the invoice given in Question 3 by a 60 d/s draft, which is negotiated through the United South African Bank. Show the draft.

6. What would be the amount to be paid for freight on the following, viz. :—

(1) 4 c/s each measuring 3' 4" × 2' 6" × 3' 9" at 36/- and 10 %,

(2) 5 bales each measuring 2' 9" × 4' 3" × 3' 3" at 32/- and 10 %,

(3) 3 casks each measuring 3' 5" × 4' 2" at 19/- and 10%?

7. What is the difference between a "Valued" and an "Open" Policy of Marine Insurance?

8. Give the value in sterling of the following, viz. :—

(1) 1560 Francs at 25·30 exchange.

(2) 1865 Marks at 20·52 ,,

(3) 1620 Roubles at 24 $\frac{5}{16}$ d. ,,

(4) 2000 Rupees at 1/4 $\frac{1}{2}$,,

9. Explain the difference between a "clean" and a "foul" Bill of Lading.

10. Say if any of the following endorsements are irregular, and if so in what respects :—

A cheque made payable to Arthur Binns & Sons or bearer endorsed "Arthur Binns."

A cheque payable to Mrs. Arthur Benjamin endorsed "Mrs. A. Benjamin."

A cheque payable to The Burnley Manufacturing Co. endorsed "The Burnley Manufacturing Company, Arthur Smithers."

11. Goods have been delivered by the Pudsey Manufacturing Co. to George Tweedie & Sons, Manningham, as follows :—June 5th, £18 10s. 0d. ; June 26th, £82 ; July 7th, £64 ; and August 6th, £81. What is the average due date?

12. Explain the meaning and effect of the words "not negotiable" on a cheque. Write out a cheque drawn on the

York & Lancaster Bank by B. Swift in favour of A. Walker, in such a way as will prevent any person but the payee from cashing it.

13. In what respects does a Limited Liability Company differ from an ordinary firm?

14. What is meant by:—

- (a) The French exchange had now risen to 25·30,
- (b) The Berlin exchange has soon proved sensitive to gold withdrawals, and is down to 20·52, the market rate of discount in Berlin hardening to $2\frac{1}{8}$ per cent.,
- (c) In the Discount market short dated bills were still quoted at $2\frac{3}{8}$ to $2\frac{7}{16}$ per cent., but for three months paper the quotation gave way to $2\frac{1}{4}$ per cent.?

15. What is a c. f. and i. Invoice? Show how the price would be arrived at when quoting goods c.i.f.

Third Stage

Not more than TWELVE questions to be answered

1. What is an Account Current? Give a specimen, with not less than six entries.

2. Define the following terms used in connection with insurance:—

- (a) Insurable Interest.
- (b) Policy.
- (c) Whole Life Policy.
- (d) Premium.
- (e) Risk.

3. Explain the terms loco, c. & f., c. f. & i., franco, and franco domicile.

4. Geo. Harris & Co., of Adelaide, purchase from Lauder & Bowles, Birmingham, hardware to the value of £120 10s. 0d., which is forwarded in three cases per SS. "Lowther Castle," from London. Payment is to be made by a documentary draft, the documents to be surrendered on payment. Draw the first of exchange, and enumerate the documents to be attached.

5. Write a letter on behalf of Lauder & Bowles to Geo.

Harris & Co. (a) advising shipment of the goods named in Question 4, (b) enclosing one copy of invoice, and (c) stating that you have drawn on them by Documentary Draft which you are negotiating through the Australian Commercial Bank, Ltd.

6. Make out an export invoice (loco) for the following goods, sold by Marcus & Bellamy, Bradford, to Signor Perrier, Leghorn. 8 Cases, 45 pcs. each, 34" White Shirtings, Patt. No. 326 @ 6/6 per piece. Packing 6/- per case. Carriage to London and Freight (Through rate) at 22/- per steamer ton and 10 % primage. Each case measures 3' 2" x 2' 4" x 1' 11". Marine Insurance F.P.A. 3/6 % (for 10 % over invoice value) and stp. B/L and charges 4/9. Shipped from London per S.S. "Athenian."

7. Make out a Franco Invoice from the particulars given in Question 6. Import duty Lire 350. Exchange 25.45.

8. Give the precise meaning of the clause "Corn, Fish, Salt, Flour and Seed are warranted free from Average, unless general, or the Ship be stranded" occurring in a Marine Insurance Policy.

9. The sailing vessel "Rudolf" from Liverpool to Buenos Aires is obliged by stress of weather to put into Rio Janeiro for repairs. The Captain has not sufficient money on board to pay the account. You are required to explain three ways in which he may raise the necessary funds.

10. Make out an Account Sales of 50 Barrels Coffee ex "Coriander" from Kingston, Jamaica, sold by Barnes & Batwing, Liverpool, on account of Messrs. James Sheard & Co., Kingston. Gross weight, 96 cwts. 2 qrs. 8 lbs.; Tare, 9 cwts. 2 qrs. 12 lbs.; Draft, 2 cwts. 1 qr. 8 lbs., sold at 68/- per cwt. Charges: Entry, Dock and Town dues, 13/-; Marine Insurance on £350 @ 10/- % and stp.; Freight on 96 cwts. 2 qrs. 8 lbs., @ 47/6 per ton of 20 cwts.; Cartage and Porterage, £1 3s. 6d.; Consolidated Rate, £4 17s. 3d.; Fire Insurance, 6/-; Auction expenses, 8/4; Bank Commission and Interest on Charges, 9/-; Commission and del credere @ 2½ %.

11. What is a Charter Party, and what is the difference between a Voyage Charter and a Time Charter ?

12. Explain briefly the difference between *Customs* and *Excise* duties.

13. What formalities would have to be observed before you could take delivery of a Consignment of currants ex S.S. "Chloe," Patras to London ? (An import duty is charged on Dried Fruit.)

14. What is a Certificate of Origin, and for what purposes are such documents used ?

UNION OF LANCASHIRE & CHESHIRE INSTITUTES

Preliminary Commercial Course (First Year)

COMMERCIAL CORRESPONDENCE AND BUSINESS ROUTINE

You may attempt not more than six of the questions in this subject.

The Examiners will take into consideration the correctness of the English in awarding the marks. The following points will be specially noticed: Accuracy in copying, legibility, regularity, and correctness of expression and style. Writing in wiry or hair-line style will cause loss of marks.

1. Write out in your best style and in correct form the following letter :—

Brunswick St Liverpool 23rd March 1909

Messrs Finlayson Bros Glasgow.

Dear Sirs, We are in receipt of your favour of the 22nd inst. in which you offer to open up for us, an agency in your City. We thank you for this offer and we agree to your suggestion and to the rates of commission proposed by you. Our senior will be in your City next week, say Tuesday the 30th inst., when he will call upon you to discuss other matters in connection with your proposal. We are, Dear Sirs yours faithfully Keen & Co.

2. Write the following name and address exactly as you would on an envelope to go through the post :—

Finlayson Bros Virginia St Glasgow.

3. Enter up as you would do in a postage book, making proper use of the double columns, the following items :—

2nd March /09, parcels and letters, $2/3\frac{1}{2}$.

3rd, letters, patterns, and parcel post, 9/11.

4th, letters, $1/5$; newspapers, $1/3$; 5th, letters and samples, $4/6$.

6th, letters, $10/6$.

Add up the column and bring down the balance.

The balance in hand on the 1st March was £3 16s. $7\frac{1}{2}$ d.

4. State (a) the limit of weight allowed to be sent by inland parcel post, and (b) up to what weight may be sent that way for 5d.

5. Show (a) how an envelope is marked before being sent through the post as a registered letter (inland), (b) state the charge for registration, and (c) what must be done with such a letter at the post office?

6. Suppose you wished to forward 15s. 9d. to a friend, explain clearly how you could do so by means of the post office.

7. Explain how you would index the following :—

A. G. London, Ltd., Manchester.

The Secretary, Chamber of Commerce, London, E.C.

Crosby, Wilson & Co., London, S.W.

The Bleachers' Assocn., Ltd., Manchester.

Samuels, Robinson & Co., Loughborough.

The Manager, Wigan Gas Works, Wigan.

8. Write (a) the following inland telegram :—

Daimler, London.

40 hp car must be here latest Tuesday morning or cancel Thompson.

And (b) state the cost of the telegram.

Second Year

*You may attempt not more than FOUR of the questions in this subject.
The maximum number of marks obtainable in this subject is 50.*

1. Write a letter to Messrs. Allen, Munn & Co., London, E.C.,

expressing your regret that you have not been able to deliver certain goods on order owing to the strike. Mention a probable date for delivery. Write the letter as from Roger Greenway & Co., Burnley.

2. Print in block letters, using two of the ruled lines as limits of the size of the letters, the words Market Reports.

3. Make out a petty cash a/c for the following items (making proper use of the double money columns):—

- Jan. 2. By Charwoman, 10/-; window cleaner, 3/-.
 „ Parcel from H. W. & Co., 9d.; stamps, £1.
 4. „ Stationery, 4/9; box to Mr. C., 1/3; bill stamps, 5/-.
 5. „ Brushes, etc., 2/6; telephone, 5/3; carbons, 4/-.
 6. „ Oil, 5d.; string, 1/-; coals, £1 17s. 6d.
 7. „ Globes and incandescent mantles, 7/6.
 8. „ Tea money, 7/-; repairing clock, 3/6.

The balance brought forward from the 1st Jan. was £9 3s. 3d. Deduct the expenses and show the balance.

4. Draw up in proper style an inland bill of exchange at 3 m/d on Messrs. Sutton, Gaze & Co., Oldham, as from Roger Greenway & Co., Burnley. Date of bill, 4th Feb. /09. Amount £250 13s. 9d.

5. Make out in proper style and form an invoice or bill for the following items:—

	£	s.	d.
1 pc. grey calico, No. 3380, 98½ yds., 1½d. ..	..	15	10
1 pc. 36 in. pure shrunk long cloth, 78 yds., 5½d. ..	..	1	13 4
1 end 56 in. tweed, 25 yds., 9½d. ..	..	1	0 7
4 pcs. 30/1 coloured sateens, 177½ yds., 3½d. ..	..	2	17 4
1 pc. 24 in. self Yorkshire flannel, 66 yds., 5½d. ..	..	1	10 3
6 pcs. dark flannelettes, 357½ yds., 3½d. ..	..	4	16 10
Total, £12 14s. 2d.			

Deduct 3½ % disct. and show the net amount.

Date of the invoice, 15th Jan. /09.

Sellers: Wm. T. Brown & Sons, Birmingham.

Purchasers: Richd. Cox & Co., Bilston.

6. Give the meanings of the following abbreviations:—

Via, E.E., Chq., p.m., Ltd., Hhd., U.K.

COMMERCIAL ENGLISH AND CORRESPONDENCE

*The number of marks assigned to each question is given in brackets.
The maximum number of marks obtainable is 120.*

Junior Grade

You must first attempt questions 1 and 2, and afterwards attempt not more than FOUR of the remaining questions in this grade.

1. Write an essay on *one* of the following subjects :—

(a) Lancashire as a trading centre.

(b) How may Great Britain retain her supremacy in the world's commerce ?

NOTE.—The writing may not exceed one page.

2. Draw up in proper style and form the following shipping invoice :—

Goods sold by The Export and Import Co., Ltd., Liverpool. Purchased by The Bonanza Stores Co., Yokohama, Japan.

Date of invoice, 21 Decr./08. Shipment made by s.s. "Flintshire," Birkenhead. Sailed 23rd Decr./08.

5 cases Linen Goods B. S. 1/5, Yokohama.

# 1.	30 pcs. 40" Loom Damask Tabling, 20/50, 10/43,				
	1430 yds., 5½d.	£	30	10	9
# 2/3.	60 pcs. 46" Loom Damask Tabling, 40/55, 20/59,				
	3380 yds., 5½d.		80	19	7
# 4/5.	40 pcs. 50" Loom Damask Tabling, 37/54, 2/50,				
	1/37, 2135 yds., 6½d.		55	12	0
			<hr/>		
			£	167	2 4

Charges : Packing 5 @ 10/6, freight 30 cubic feet @ 40/- per ton meast., thro' rate, 10 % primage.

Marine insce. £200 @ 6/8 % F.P.A., plus stamp.

Deduct 2 % from the amt. of the goods and show the total.

3. Write in your best style a letter as from Messrs. J. Lawson & Co., Ltd., London, E.C., to Messrs. Lazarovitz frères, Galatz, offering to act as buying agents in London for British goods. Name the terms required, and the credit you will allow. State the names of the goods you particularly

desire to buy for them, and include in the letter any other particulars you deem necessary. Mention that references can be given to houses of repute in England and other countries.

4. Draw up a newspaper advertisement of the sale of some cottage property. Give the best description possible to attract the attention of likely purchasers. State full particulars. The advertisement must not exceed 60 words.

5. Condense the following market report into a telegram :—

THE WOOLLEN AND WORSTED TRADES

LONDON, THURSDAY

At the re-opening of the auctions here to-day buyers were in large attendance, and increasing animation was displayed all round, practically the whole of the catalogues being cleared on the full basis of values hitherto ruling. The offerings comprised over 14,000 bales, made up chiefly of merino wool suitable for Continental consumption, and, with the exception of a few of the best greasy parcels which were secured for America, fell to bids mostly on French and German account. The large assortment of greasy merinos from Sydney and Queensland included some well-grown clips, the former realising up to 14½d. and the latter 13d. per lb.

6. Draw up *in proper commercial form* a bill of exchange at 3 mos.' sight for £562 14s. 7d., as from Messrs. J. Lawson & Co., Ltd., London, E.C., on Messrs. Silva Garcia & Piriz, Buenos Aires. Date of the bill, 16th Jan., 1908.

7. Copy in your best style and form the balance sheet on page 221.

8. State the meanings of the following: Bullion, joint-stock bank, days of grace, firm offer, price current, accommodation bill.

Senior Grade

You must first attempt questions 9 to 12 inclusive, and afterwards attempt not more than six of the remaining questions in this grade.

9. A shipment of produce is being made by a firm in Argentina to a firm in London. The terms are cash against documents. Describe :—

(a) What the documents referred to would be,

- (b) How they would reach the London firm.
- (c) What course would the London firm adopt in order to get possession of the produce.

10. Condense the following market report into a message for telegraphing:—

Consumers very rarely show any inclination to operate while the speculative markets are in an unsettled state, and their attitude during the past week proved no exception to this rule. Purchases of refined copper were thus rather restricted, especially from the Continent, where the recent heavy buying movement appears to have satisfied the urgent demand of manufacturers. There is, however, evidence of a satisfactory consumption in most branches, and with the first real improvement in Standard copper we expect a fresh outburst of consumptive demand. A fair business was transacted with the home trade, and the British War Office bought a good line of fine copper and ammunition metal. The French Government is also in the market for a large supply of copper wire, but, on the other hand, the authorities there have decided upon a new coinage of aluminium in lieu of bronze. The situation in the United States is quite unchanged. The leading producers, after having sold such enormous quantities to the trade, show entire indifference to the lower quotations ruling, these being the outcome of concessions made by the dealers. Some of the big consumers appear to have availed themselves of these reduced offers, and have purchased quite important quantities for delivery right into next year.

The total transactions during the week amounted to about 7,800 tons.

11. Show (a) a sight draft for £500 on Paris Exchange as per endorsement, and (b) state the amount the drawee would be required to pay, the exchange of the day being 25·21½.

12. Suppose a purchase were made in Roubaix of 2,000 metres of a fancy dress material at 3·00 fcs. per metre, and the carriage to Bradford were to cost £5 2s. 9d. State in English currency (a) the total cost, and (b) the price per yard. The difference between metres and yards may be taken as 10 %, the exchange 25·20 fcs.

13. Explain (a) the uses of Consular invoices, and (b) give the names of two countries for which Consular invoices are required.

14. A package measures 2 ft. 11 in. \times 2 ft. 3 in. \times 2 ft. 9 in. State what the freight of this package would be at the rate of 35s. per ton of 40 cubic feet, plus 10 % primage.

15. Describe what you know about cheques.

16. Give the meanings of the following terms :—Dead weight, overdraft, Bank of England reserve, renewals (as applied to bills), re-insurance, specific duty.

17. Taking a " loco " price as a basis, name what additions would be required to make this price into (a) a c.i.f. price and (b) a " franco " price.

18. Show an example in full of a shipping advice.

19. State what difference there is between Lloyd's and an ordinary insurance company.

20. Describe (a) the difference between loan and share capital, and (b) name some forms of share capital.

21. In banking there are deposit a/cs and current a/cs. What are these ?

22. Where does an insurance company's liability under a marine policy usually begin and end ?

NATIONAL UNION OF TEACHERS EXAMINATIONS

COMMERCIAL CORRESPONDENCE

(ELEMENTARY, INTERMEDIATE, AND ADVANCED)

Elementary

Candidates may not attempt more than EIGHT questions. Those aiming at a Pass only may confine their answers to Section I, but all aiming at a First Class Certificate must include among their Eight Questions at least THREE from Section II.

SECTION I

1. Write a reply to the following advertisement, and direct an envelope to the firm :—

Wanted, a Junior Clerk. Previous experience not necessary.—Apply with particulars of age, etc., to Williams & Co., Sackville Street, Dublin.

2. Arrange in alphabetical order :—

Chelsea Gas Company, Messrs. Allen & Sons, C. H. Dunn, Esq., Rev. S. Froude, Camden Soap Works, Abbott & Co., Mrs. Everett, Colonial Export Association, Blackwood Smith & Co., Colonel Chartres.

3. Explain the following abbreviations :—p.m., ult., kilos., R.S.V.P., E.C., MSS., enclos., pp., p.p.

4. Direct envelopes to :—

(a) A Clergyman,

(b) The General Manager of a Railway Company,

(c) The Clerk of a County Council.

5. Draw up a properly headed letter acknowledging receipt of a communication, and stating that attention shall be given to the matter.

6. Make out an Invoice for the following, and deduct 5 % discount :—

$\frac{1}{4}$ doz. shirts at 20s., 5 doz. half-hose at 12s. 6d., 50 yards lining at 6d. per yard, $\frac{1}{12}$ doz. blouses at 30s.

7. Make drawings of, and describe, any two Letter Files with which you are familiar.

8. What do you understand by a Registered newspaper ? What will be the postage on a Registered newspaper weighing 8 ozs. from London to Liverpool ?

9. What is the advantage of a Telegraphic Address, and where are such addresses to be found ?

10. What is

(a) The lowest amount of money for which Postal Orders are issued ?

(b) The highest amount of money for which Postal Orders are issued (in one order) ?

and, (c) How would you send £2 16s. 8d. through the post ?

SECTION II

11. Make a corrected copy of the following :—

Shikhar Singh
10 at hi
Mark 100.00

Mr. Chris Brown
2 Elm Villa, P.O. 12
Brooklyn

Dear Madam

We are ~~very~~ ^{much} ~~happy~~ ^{pleased} to receive your letter in reply to our request for a ~~few~~ ^{few} ~~more~~ ^{more} ~~books~~ ^{books}. Could you be so kind as to send us more books subject on Monday next?

@ 12 o'clock I will be at your house.

Yours truly
Shikhar Singh

Keep him up
right letters.

12. What changes have been made in the Postal Regulations during the past year?

13. What are "Pro Forma" Invoices, and for what purposes are they used?

14. Describe the Mimeograph and state how it is used.

15. Write a short Essay on one of the following topics :—

- (a) The Advantages of the Telephone in business.
- (b) "Punctuality is the soul of business."

Intermediate

Candidates may not attempt more than EIGHT questions. Those aiming at a Pass only may confine their answers to Section I, but all aiming at a First Class Certificate must include among their Eight Questions at least THREE from Section II.

SECTION I

1. Explain fully the following abbreviations : O.R., sine die, in extenso, C.R., H.M.C.
2. What methods does a firm generally adopt to ascertain the financial position of a fresh customer ?
3. What is a "Contract Note" ? Give an example of one.
4. Distinguish between a "Current" and a "Deposit" account at a bank.
5. Explain "Cross Referencing" as applied to a Letter Book.
6. What steps should be taken when it is found that a registered packet has not been delivered ?
7. Draw up a letter in proper form from the following notes :—

*To Mrs. H. L. G., 17 Camden Rd. London.
 Acknowledging receipt of my new Home in London
 Annex - 3 bedrooms. 2 reception. 4 small offices. Rent
 £45. Free till Nov. Order to rent enclosed.*

8. How can you stop payment of a Money Order ?
9. Make a rough drawing of a bookcase, with a cupboard below, and six shelves above. (Dimensions must be given.)
10. With regard to Inland Telegrams :—
 - (a) What is the charge for cancelling a telegram ?
 - (b) How are figures reckoned ?
 - (c) If a reply is paid for, what is the limit of words allowed ?
 - (d) What is the charge for repetition of a telegram ?

SECTION II

11. Make a corrected copy of the following:—

London, March 1st '15

Mr John Scott Esq
Glasgow

My dear Sir,
I have been very glad to
hear that you are dissatisfied with the last parcel I
sent you. This seems unaccountable as they are
really such a good deal better than the last one
I sent you. I am very convinced that
no home in London can furnish better goods. ^{at the same price}
~~I have sent you a parcel of goods~~
~~of the same quality as the last one~~
~~but at a lower price~~
I will credit you with the amount
of the parcel sent you last week next.
I will have no doubt that you will
be very much satisfied with the result.

I shall have no objection
in making you a reasonable compensation
for any loss you may have sustained.

Yr. etc
Thomas H. Wells

12. Describe fully the method of Card Indexing.
13. Make a Vowel Index for the letter B, and index the following names:—Bennett & Co., Sir G. Brown, Ball & Son, Black & Co., Mrs. Bell, H. Blythe, J. Brigham, Col. Burnsley, Brown & Co., A. Battle, Esq., S. Burke, J. Bryle.
14. Describe some of the ways in which goods may be sent to places in the United Kingdom.

15. Write an essay on "The Advantages of an International Language"; or, "The Probable Effects of Aerial Navigation upon Commerce."

Advanced

SECTION I

Candidates may not attempt more than EIGHT questions. Those aiming at a Pass only may confine their answers to Section I. All who aim at a First Class Certificate must answer Nos. 9 and 10 in Section I, three Questions from Section II, and any three other questions.

1. Explain *fully* the following terms: "Exchange," "Limited Company," "F.A.S."
2. What do you understand by a "Circular L/C"? Draw up an example of one:
3. Tabulate the chief points to be observed in an advertisement of an article, and write what you consider to be an attractive advertisement of a Fountain Pen.
4. Explain "surrender value" in connection with Life Insurance.
5. What Reference books of a "general" character should be kept in an office?
6. "Telegraph Codes may be called the 'shorthand' of telegraphic communication." Explain this.
7. What is meant by "negotiability"?
8. What do you understand by a "Tender" or "Estimate"? Give an example.
9. Show by means of short letters the following Correspondence:—

(Letters must be brief and to the point. The addresses and endings need not be repeated after the first two letters.)

- (a) Letter from Robertson, Glasgow, to Smith Bros., London, requesting payment of a/c of £50 long overdue.
- (b) Letter from Smith to Robertson apologising for delay, and enclosing cheque for £50 drawn on the Commercial Banking Company.

12. Explain the following statement in connection with Fire Insurance :—"There is no doubt that any material misrepresentation by the insured totally exonerates the insurers from liability."

13. Define fully a "Common Carrier."

14. Discuss the advantages of employing Commercial Travellers.

15. A small firm has decided to devote £1,000 to advertising purposes for a year.

Suggest some methods of spending this sum to the best advantage.



COMMERCIAL CORRESPONDENCE AND OFFICE ROUTINE

Elementary

Ten questions only are to be attempted, but Nos. 1, 2, and 3 must be tried.

1. Make out an invoice for the following :—

On January 11th Keen & Son, of High Street, Burslem, sold to Peter Simple, of Millgate, Macclesfield, the following goods :—

218 Dress lengths at 12s. 6d.

64 " " at 11s. 3d.

Deduct discount $3\frac{1}{2}\%$.

2. On January 31st a cheque on the County Bank was remitted in payment of the above; make out the form of cheque that would probably be remitted.

3. There is a vacancy in the County Bank, Leicester, for a Junior Clerk; write to the Manager applying for the position, stating your qualifications, etc.

4. Address an envelope to A. W. Brooks, junior, Bow Chambers, 37 Moorgate Street, London, E.C.

5. Write a letter to a friend explaining the use of a "Call Book" in a business office, and give him two or three specimen entries to show the information given.

6. How would you cross a cheque, and state the object of doing so.

7. Give the meanings of five of the following abbreviations : C.O.D., prox., 4to, MSS., %, N.B.

8. State the meanings of four of the following commercial terms : Ad Valorem, Carriage Forward, Trade Discount, Limited Company, Bank Overdraft, Endorsing a Cheque.

9. State the cost of letters weighing respectively 1 oz. and 2 oz. to Paris, Berlin, New York, Capetown.

10. How would you register a letter, and state how the charge varies with the amount insured.

11. Describe two good methods of filing inward correspondence.

12. Print in block letters, about $\frac{1}{2}$ in. high, the word Memoranda.

Intermediate

Eight questions only are to be attempted, but Nos. 1, 2, and 10 must be tried.

1. Make out a statement rendered by Robinson & Sons, of Stoke, on March 31st, for the following transactions in January with Charles Senior, of Kidderminster; goods delivered on the 8th, £64 9s., on the 12th, £17 15s. 6d., 21st, £6 15s. 10d.; goods returned by Senior on the 10th, £9 17s. 6d.; cash received on account on the 31st, £50. Allow 3 % discount on the net goods supplied.

2. Write a letter as from Charles Senior to Robinson & Sons (see question 1) stating that a credit of 37s. 6d. on the goods supplied on the 10th of January has been omitted from the

statement, and also requesting that in view of the £50 payment on account a discount of $3\frac{3}{4}\%$ should be allowed.

3. Write in reply to the above expressing regret that the credit has been overlooked and stating that the extra discount will be allowed.

4. In forwarding a cheque by post what means would you suggest to ensure its safe remittance? To illustrate, make out a cheque drawn by yourself on the County Bank payable to Jack Horner.

5. Describe the Roneo or other method of duplicating 200 copies of a circular.

6. Mention the towns, stating their chief industries, you pass through on the L. and N.W. Railway line from London to Carlisle.

7. Give the meanings of five of the following abbreviations : *e.g., i.e., ex div., c.i.f., pro formâ, H.M.C., F.O.R.*

8. How would you vouch payment of money to a Bank?

9. Explain the meanings of four of the following terms : "Coupon," "Payee's A/c," "Stale Cheque," "Bank Commission," "Composition," "Dating Forward."

10. Make a Précis of the following correspondence :—

Berkhamsted, Herts.,

14th August, 1908.

Dear Sir,

I am directed to make some enquiries, on behalf of the Board of Trade, into the effects of the proposals in the Daylight Saving Bill in Manchester and district. It is desirable for me to call on representative firms in the principal trades in order to ascertain their views on the subject, more especially on factories which begin work at 6 or 6.30 a.m., as they are likely to be chiefly affected by the change. I could be in Manchester by 10 a.m. on Tuesday next, and devote Tuesday and Wednesday to the work. You would greatly oblige me if you could be so kind as to prepare a list of firms whom it would be advisable for me to see, and if you would send them a circular letter announcing my visit. Of course, if they would make definite appointments it would be all the better. If Tuesday is too early, I could manage Wednesday and Thursday. I should be glad to hear from you as to this at your earliest convenience.

I am, etc.,

W. S. COHEN.

The Secretary,
Manchester Chamber of Commerce.

Manchester Chamber of Commerce,

15th August, 1908.

Dear Sir,

I have to acknowledge the receipt of your letter of the 14th instant, in which you desire an arrangement making for a visit next week to representative trades in Manchester, on the subject of the Daylight Bill. The Acting President desires me to confirm my telegram of to-day, and to say that the present month is a most inconvenient season for you to obtain the interviews you desire, as most of the gentlemen likely to be of service to you are away on holiday. The officers of the Chamber, including the Vice-President—who is a large employer of labour in the engineering industry—are away just now. Many of the cotton mills in Manchester and neighbourhood are closed for their "wakes" or annual holiday, and it is feared that your visit here would be a fruitless one. I am, however, to suggest that if you will postpone your visit to, say, the end of September—any date after the 19th, except the 23rd—we should be very pleased to assist you with your enquiries.

Yours faithfully,

WALTER SPEAKMAN,

Secretary.

W. S. COHEN, Esq.

Berkhamsted, Herts.,

17th August, 1908.

Dear Sir,

I am much obliged by your letter and telegram of the 15th August, and quite understand that it would be useless for me to come to Manchester this week. I much appreciate your kind offer of help, and will arrange to come after September 19th, informing you of the exact date later.

Yours truly,

W. S. COHEN.

The Secretary,

Manchester Chamber of Commerce.

Advanced

Eight questions only are to be attempted, but Nos. 1, 5, and 10 must be tried.

1. Draft a circular letter to submit to your employers calling the attention of the firm's customers to some novelties that are on view, and also to a special discount being allowed during the month of May.

2. Give an example of an Account Current.

3. On April 1st, Videmont and Co., of Paris, drew upon John Bull, of Bristol, a draft at 30 days for 3,000 francs; make out the form of same with acceptance.

4. Explain the meanings of four of the following terms : Rest, Secret Reserve, Limited Partnership, Forfeited Shares, Letter of Credit, Consols.

5. Give examples of four different methods of crossing cheques, and explain the meaning of each.

6. Name and distinguish between the various classes of Debentures.

7. Explain the meanings of three of the following insurance terms : Floating Policy, Insurable Interest, General Average, Particular Average.

8. Write a letter to a friend explaining to him the meaning of a Private Limited Company as per the 1907 Joint Stock Companies Act.

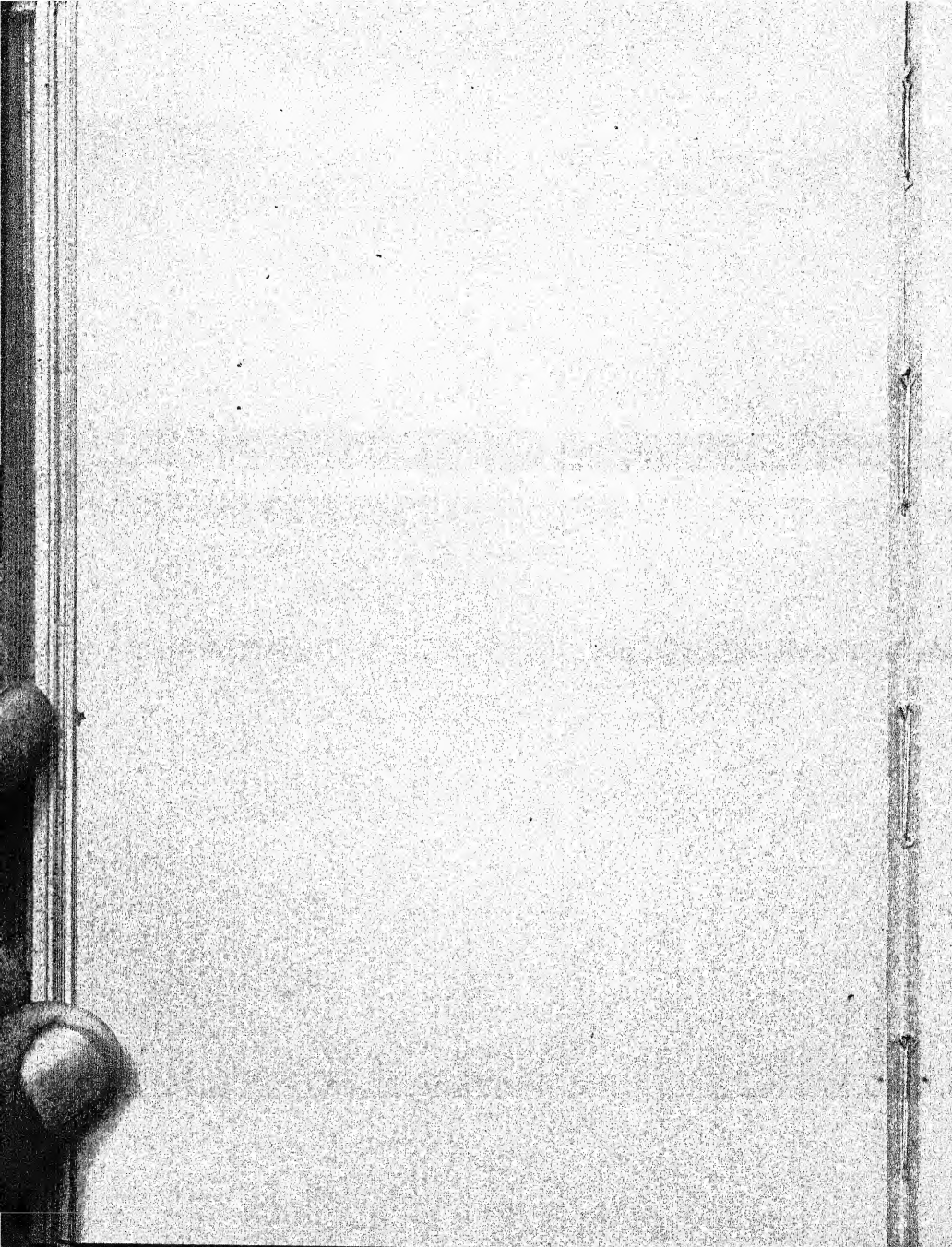
9. Draft an advertisement such as you would insert in a newspaper in seeking a position as Assistant Secretary or as principal Book-keeper.

10. Write a Précis of the following passage :—

THE REVOLUTION IN RAILWAY POLICY

The railway question is rapidly forcing itself to the front as the greatest of our internal economic problems. It hardly needed the recent working agreement between the London & North Western and the Midland lines to accentuate its gravity. But that vast combination, following hard upon the amalgamations that are bringing all the North British roads under a single harmonious direction, is a vivid proof that what is nothing less than a new situation in our national transport policy has arisen. It is a situation equally complex and momentous, and it deserves the best thought that our Parliament and our people can give to it. Were popular discussion of economic subjects more habitual with us, the impending crisis in the British railway system, long discerned by a few, would be by now a common-place of national debate. Its main features have been shaping themselves for many years past, and the need for bringing them into perspective must soon prove irresistible. The fact can no longer be disguised that the English railways are in a bad way, and that a few years from now their internal management and their relations to the State and to the trader will be as contentious an issue in British as they long have been in American politics. The market values of their stock have shrunk by millions of pounds; the return upon the enormous capital invested in them barely averages $3\frac{1}{2}$ per cent.; the shareholders complain of decreasing dividends; the directors complain of a vast increase in rates, of a growing difficulty in raising money, and of the new demands made upon them by their employees; the shippers complain not less vigorously that the freight charges on the British lines are among the heaviest

in the world ; and, taking the kingdom as a whole, railway construction and extension have almost come to a standstill, or advance with timid and petty strides. The result of these conditions is that the railway companies, under an inexorable economic pressure, are consolidating their interests and eliminating competition. The movement is a natural one, and on very many grounds we approve it. But it is important to realise that it threatens the final breaking down of the peculiar compromise which hitherto has governed the attitude of the State towards these great public utilities. Such combinations among the companies as have recently taken place are admittedly in the line of industrial progress, and if—it is a large “if”—the economies that should be effected are devoted to the improvement and extension of the railway system of the country, traders will have no tangible ground of complaint. But such combinations have also the effect of greatly increasing the power of the railways as against the power of the State ; and a small interlocked federation of companies controlling all the trunk lines in the kingdom and most of the branch lines would form a monopoly against which the present weapons of the Railway Commissioners and the Board of Trade would effect little. It is true there are many safeguards in Great Britain that the United States does not possess, and that no railway monopoly here would be likely to prove as unscrupulous, as corrupt, or as domineering as the American “magnates.” None the less the State must arm itself betimes. It cannot, in our judgment, effect very much more in the future than in the past, so long as public control is dissociated from public ownership.



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